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This Is America

By GEORGE E. SOKOLSKY*

Willard H. Dow, President of the Dow Chemical Co., made a statement concerning his company to the Truman Committee of Congress in which he said:

George E. Sokolsky

"(The company) was founded by my father, Dr. Herbert H. Dow, on an idea which he worked out as a student in the Case School at Cleveland. He had discovered that by passing an electric current through brine from the Ohio wells he could liberate bromine, and by blowing out the treated brine in a wooden tower he devised, he could separate and recover the bromine. . . . My father had a basic idea. . . . My father

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*Mr. Sokolsky's articles, titled "These Days," are a feature of the New York "Sun" and the above is reprinted from its issue of March 22, by permission of that publication and King Features Syndicate.

(Continued on page 1313)

In This Issue

CALIFORNIA SAVINGS AND LOAN ASSOCIATIONS special section starts on page 1314.

General index on page 1328.

Planned vs. Free Markets After The War

By MORDECAI JOSEPH BRILL EZEKIEL*

Economic Advisor to the Secretary of Agriculture

Government Economist Favors, In Most Cases, Planning By A Responsible Bureaucracy—Holds The Modern Tendency Is To Permit Planning Only On Condition That It Is Operated Or Controlled By A Public Agency.

All production is planned. No farmer harvests a crop, no manufacturer makes a product, unless some one has first planted seed or built a factory. The question, however, is whether those production decisions of individuals are made solely in response to the price on a competitive market, or whether they are made in response to an appraisal of the economic situation which, in some organized way looks beyond the price itself and which involves some conscious program as to future developments.

Mordecai Ezekiel

In wartime, there is no question but that production must be planned, and planned under public direction. During the war, the Army, Navy, Maritime Commission, and Lend-Lease Administration plan the market on the basis of an ascending scale of demands that strains our productive capacity to the limit. Our great in-

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*Address delivered at the Forum Session of the 259th meeting of the National Industrial Conference Board at the Waldorf-Astoria Hotel, New York City, on March 23, 1944.

(Continued on page 1312)

Chester Bowles Favors Early End Of Price And Rationing Controls

OPA Administrator Looks Forward To Time When All War-Time Controls Can Be Abandoned—More Optimistic Regarding Prospect Than Most Others, He Says.

"There is no group of people in the country who are quite as anxious to be rid of price control and rationing measures as those of us who work for OPA," it was stated by Administrator Chester Bowles in favoring the "Chronicle" with his views of whether such measures should be continued in the post-war period. The "Chronicle," it will be recalled, recently published a large number of comments made by various personalities in Government, business and financial circles on this subject. These expressions were given in our issues of Feb. 17, Feb. 24, March 2 and March 9.

Chester Bowles

In his letter of March 18 last, to the Editor of the "Chronicle," Mr. Bowles said that "No one will be happier than I when the pressure of forces generated by the war subsides sufficiently to allow abandonment of all war-time controls" and pointed out that in the case of the soft goods industries, clothing, shoes, etc., this should be possible more quickly than may be feasible insofar as the products of heavy industries are concerned, such as automobiles, refrigerators and household equipment. The text of his letter reads as follows:

"No one will be any happier than I when the pressure of forces generated by the war subsides sufficiently to allow abandonment of all war-time controls. Just

(Continued on page 1328)

By HUGH B. COX*

Assistant Solicitor General, Department of Justice

Holds Free Economy Aided by Anti-Trust Laws—The American, He Says, Does Not Like To Have the Government Tell Him How to Run His Business—If Free Economy is Desired "We Must be Prepared to Pay the Price and Assume the Burdens of Economic Freedom."

Any discussion of a free as opposed to a planned economy must in the end be a discussion of the nature of the forces that control or regulate the market. An economy in which economic power is diffused and the operations of the market are the result of independent choices made by a number of traders is a free economy in the commonly accepted sense of the term. On the other hand, an economy controlled or regulated by centralized or concentrated power is not free, whether it is described by the word "planned" or by some more invidious term.

Hugh B. Cox

In either kind of economy there

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*Address delivered at the Forum Session of the 259th meeting of the National Industrial Conference Board at the Waldorf-Astoria Hotel, New York City on March 23, 1944.

(Continued on page 1306)

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Progress Toward International Economic Cooperation

Mr. Fowler Views Most Basic Problem That Of Trade Barriers—Without A Substantial Increase In International Trade Over Pre-war Levels, We Shall Fall Far Short Of The Goal Of Full Productive Employment, Here Or Elsewhere, He Avers

By WILLIAM FOWLER*

Chief of the Division of Commercial Policy, Office of Economic Affairs, Department of State

Wm. A. Fowler

It is fortunate that we can assemble here today to discuss, with a sense of realism, of confidence, and of urgency, the kind of international economic cooperation that will be needed if we are to have prosperity and security for more than two- or three-score years after this war.

If nations now our Allies had not stubbornly held back the Axis forces we might well be standing alone today in a last-ditch fight. If we had not awakened to our mortal danger, even before Pearl Harbor, and put our great producing forces into cooperation with the fighting forces of the democratic nations; if we had not, after Pearl Harbor, linked our producing and our fighting forces with those of the other United Nations to form one gigantic fighting machine—we probably would not be here today discussing post-war problems.

Through wholehearted cooperation we have been able to remove any question of ultimate

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*Address delivered before the Citizens Conference on International Economic Union, held at the Statler Hotel, Washington, D. C., on March 4, 1944.

(Continued on page 1326)

Gold Stocks

By MILAN D. POPOVIC*

This is not intended to be a review of monetary system or a discussion of theoretical gold standard. It is only a practical consideration of the position of gold metal from the viewpoint of its owner, that is, the stockholder in the mines, in the light of plain economics, principally the factors of supply and demand.

M. D. Popovic

On that basis it would seem that the gold securities contain too many negative elements for even speculative holding, not to speak of the conservative investment. The reasons for this bearishness are not new; they were in existence for years and through the recent period in which gold stocks rose and almost doubled in price. So, contrary to this opinion, the market says that the gold stocks are good investments as many of them sell at prices which even discount future expansion.

The market action follows majority view, correct or not, and in this as in most other instances again it is indicated that the relatively unthinking investors dominate the market scene. In the light of points discussed here they are wrong and I don't know whether I shall be proved right tomorrow or five years hence, or ever, but as an investor trying to

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*An address made by Mr. Popovic, who is analyst for the Blue Ridge Corp., earlier this month before the New York Society of Security Analysts, Inc.

(Continued on page 1321)

Analysis of
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Ontario Would Ban Stock Sales By Long Distance Telephone

TORONTO, ONT., CANADA—The Ontario Mining Commission has filed a report in the Ontario Legislature urging a ban on the sales of securities in other provinces or in the United States by long-distance telephone calls from Ontario. The report also recommended the extension of the present Ontario regulation prohibiting security sales by personal visits to residences or by telephone calls "to include long-distance telephone calls or telegraph messages emanating from the Province of Ontario and that such regulation be rigidly enforced."

The ban on telephone sales and a number of other regulations were suggested as amendments to the Ontario Securities Act, but the Commission recommended passage of a new measure including some of the provisions of the old act as well as the Commission's new proposals.

The report says the Commission is convinced from evidence at its hearings "of the urgency for immediate corrective measures in respect of the sale of securities in Ontario," and adds that "evidence before the Commission indicates that fraudulent practice in the sale of securities to the public has reached serious proportions," which if allowed to continue "must inevitably reflect upon the Provincial Government and hamper the financing of legitimate mining development."

STANY Inaugurates Program Of Forums

The Security Traders Association of New York are this year inaugurating a series of forums on subjects of especial interest to members. Chairman of these forums is William Pflugfelder, of Pflugfelder, Bampton & Rust.

The first forum will be held on April 14 at the New York Curb Exchange, Board of Governors Room, at 4:30 p.m. Speaker will be Arthur Knies, of Vilas and Hickey, who will present current events affecting trading in railroad securities. An open question period will follow Mr. Knies' address.

The second forum will be on utilities and will be held in May. Further details will be announced later.

Eyman Opens New Dept. For Pulis, Dowling

Pulis, Dowling & Co., 25 Broad St., New York City, members of the New York Curb Exchange, announce the formation of an investment department under the management of Carl E. Eyman. Mr. Eyman was formerly with B. W. Pizzini & Co.

Magid Joining Army

Samuel E. Magid, Vice-President of Hill, Thompson & Co., Inc., 120 Broadway, New York City, is leaving shortly to join the U. S. Army.

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5% Poll Results

In view of the controversy that has arisen amongst dealers in securities regarding the "5% mark-up limitation rule" and in order to arrive at some idea as to whether or not the industry favors such a limitation, the "Chronicle" is conducting a poll of **all** members of the NASD and all non-member dealer firms in order to ascertain the true facts. If trade custom is altered by the Association it will affect non-members too. Hence, the polling of both members and non-members of the Association. Editorial comment will be reserved until complete returns are in. We give below a tabulation of the returns as they stand at press time (evening of March 29th):

RETURNS FROM NASD MEMBERS

Total Ballots Returned	457
Number Favoring (approx. 17% of those already cast)	77
Number Opposed (approx. 83% of those already cast)	380

RETURNS FROM NON-MEMBERS

Total Ballots Returned	39
Number Favoring (approx. 6% of those already cast)	2
Number Opposed (approx. 94% of those already cast)	37

New Jersey Court Upholds Right Of State To Serve Subpoenas By Mail On Dealers

The New Jersey Court of Errors and Appeals on March 9 decided that the Attorney-General of the State had authority under its Blue Sky law to serve subpoenas by mail on Clifford Wilfred Edwards, John H. Roberts and John M. Baird, Canadian security dealers, requiring them to appear for examination and give testimony and produce books, before they or their agents could engage in business in New Jersey. The defendants contended that a personal service was required, and that service by mail outside the limits of the State was unconstitutional.

In rendering its judgment, the Court said:

"The inherent difficulty, if not the impossibility, of serving any notice upon the defendants within this jurisdiction appears by their own statements. Baird admits that he resides in Toronto, Dominion of Canada, and has his office there; Roberts, that he is a British subject, resident and domiciled in Toronto, and the editor of a newspaper there; Edwards that he, too, resides there. No one of these three denies that he proposes to come within the State and traffic in securities."

"The case loses much of its difficulty," continues the decision, "if it is considered that the Attorney General's position is analogous to that of a licensing officer, and that the decrees go no further than to enjoin a dealer from engaging in the security business within the State until he shall have gone through the procedure of appearing and submitting the facts incidental to the application. The salient questions then become whether the proposed business is a fit subject for licensing and whether the legal principle may be given application in certain instance without requiring all security dealers to proceed in that manner.

"The propriety of subjecting dealers in securities is clear," continues the Court. "True, control under our statute is not, either by the legislation or in practice but in operation against all dealers . . . but the law is applicable to all dealers and is not, we believe, discriminatory . . . It is, we think, within the reasonable exercise of the police power of the State to give freedom of business activity to security dealers, subject to inquiry at the instance of the State's ranking legal officer, and to restraint, upon refusal to submit to inquiry."

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Must Government Controls Be Continued After The War To Protect Small Business?

Urges Governmental Encouragement Of Individual Enterprise Through Adjustment Of Taxation—Recommends Early Sale Of Surplus Government Plants And Materials

By HON. HAROLD H. BURTON*
U. S. Senator from Ohio

The question is to what extent, if any, must government controls be continued after the war to protect small business?

Hon. H. H. Burton

My answer is that the protection of American business, small and large, as well as the protection of American labor and American agriculture does not depend primarily on governmental controls. In a secondary sense, some continuance of governmental controls will help them all. If, however, governmental controls become the dominant or primary element of our postwar policy, they are likely to wreck, rather than to save, business, labor and agriculture.

America will face her postwar recovery under the greatest handicap in her history. Her taxes will far exceed those before the war and her debt will be at least ten times what it was before the war. We must pay these taxes and service this debt. The bonds evidencing our national debt are held by

---

*Address delivered at the American Business Congress, Hotel Waldorf-Astoria, New York City, March 17, 1944. Senator Burton is a member of the Senator Truman Committee investigating the National Defense Program.

(Continued on page 1304)

Small Business And The Capital Markets Under NASD's 5% Rule

By RAYMOND MURRAY

Small business has lots of friends and ought to have. Without small business there would be no big business. In fact big business is generally made up of an assemblage of small businesses. Then in addition the big business of small businesses is still further dependent on hundreds of other small businesses for its life. That is, business is all interdependent. A complete description of the businesses on which a giant motor car manufacturer depends would be a whole catalogue of small enterprises located in many diverse parts of the country and in many different countries. One of the most successful motor car parts businesses I know started in a deserted barn with an unemployed draftsman, an accountant, a metal worker and a few hundred dollars borrowed from a loan shark at 42% per annum. But the interesting thing about this business is that it started in the thick of the depression of 1934 and has made a big success. Today it is a business of several millions of dollars per year, or was in 1939-40. It consisted of a good idea, a few ener-

(Continued on page 1324)

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Edward E. Chase Says Business Taxes Should Be Simplified

Holds Present Laws Are Patchwork Of Confusions And Complexities, And Put Premium On Trickery

In opening the discussion on Federal Tax Simplification at the 74th quarterly meeting of the New England Council at New Haven, Conn., on Mar. 17, Edward E. Chase, President of the Council, who is also President of the Maine Securities Co. of Portland, Me., stressed the necessity for simplification of the existing Federal business taxes.

Edward E. Chase

"We are not presenting a complaint about the amount of business taxes, which for the sake of sound fiscal policy should perhaps be increased during the war," he said. "Our aim is to remove or lighten the burden of the complexities, to eliminate the absurdities, and to reconcile the conflicts in interest between business as a service agency and business as a collection agency."

Continuing his address, Mr. Chase said:

"We all know that the tax collecting function has upset all the old rules. Business organizations cannot operate efficiently when every business decisions is weighted by a tax problem. Experience is no longer a reliable guide. In a business where being right four times out of five once meant success, it may now be necessary to be right every time. The relative ratio of risks and rewards has become distorted, and incentives and expectations cannot be computed. Nothing will stay put while you fix something else. The complexities create new pressures, new incentives, new and unforeseen consequences.

"One cannot turn around without encountering a former absurdity which has been made logical by the tax system. It has put a premium on trickery and brought into existence a new profession of experts in tax avoidance. Everything has been turned upside down. A business subject to excess profits tax is advised to charge off its doubtful accounts, because it is more profitable to lose the money than to pay a lawyer to collect it. We have all been solicited to contribute to causes and organizations on the ground that we can make the contribution for the most part at Government expense—though it would be hard to show that any cause deserves support or needs money more than the Government.

"An insolvent real estate corporation, having no assets except a broad charter and a faint spark of legal vitality, acquired the profitable business of an aviation appliance firm which was subject to excess profits tax at the top rate. By offsetting these profits against the accumulated deficits in the real estate corporation, the tax liability was changed greatly. Apparently new wealth was created by this maneuver, for the stock of the formerly insolvent corporation increased in value, and investors were urged to buy it in order to share in the opportunity created by the smart scheme to avoid Federal taxes. This deceptive device was openly termed a tax umbrella.

"I have heard of a company which made a lot of money on munitions; and in order to keep it, instead of paying 80% in taxes, the management went into the development of oil leases by drilling on shores. The losses would be offset by reduced taxes, while profits could be avoided by capping wells and leaving the oil in the ground.

"There are numerous examples where a business concern, by legitimate devices of recapitalization or transfer of ownership, without changing the business or its ability to pay taxes, has reduced greatly its tax liability. And new businesses have been organized solely for the purpose of buying established enterprises where former owners could achieve a tax status more favorable than they would otherwise possess. Constructive corporate reorganizations have been prevented by the tax penalties incident to a sound financial structure. And while the Government advocates the payment of debts as an anti-inflation measure, the tax system confers an advantage upon any corporation which owes more than it should.

"I do not know what are the long-term aims of our Government. Also the question, "What are we fighting for?" seems to have many answers. But whatever our aim may be, and whatever it is for which we fight, I will venture to predict that when our purposes are made known we shall find the present system of taxation working against them. If we are for encouraging individual initiative and small beginnings, taxation has been put to work in opposition. If we are for equality of opportunity, we find taxation at work to destroy it. I have even found taxation operating to increase racial intolerance. If we are for stability, taxation promotes a state of flux in values and in ownership. If we want to muster our productive manpower, taxation mobilizes a horde of bookkeepers. And if we want only decency, we see that taxation has undermined its foundations by turning faults into virtues and by making shrewd and smart what we once called fraudulent.

"Let me repeat that this discussion is not a bellyache about the dollar burden of Federal taxes. My personal view is that neither President nor Congress nor Mr. Willkie has come near to the amount which should be raised in taxes. We have not even borrowed adequately, as we find when we study the terms and times on which our loans are outstanding. From the standpoint of sound finance, tax collections are insufficient, and every war loan has been a failure.

"We ask only for relief from the burden of confusions and complexities of a tax law which is a patchwork of improvisations. In the hope of making a contribution to that end, this discussion has been instituted."

NASD Against Gleason

SEC Annuls Ouster Of NASD Member—Interprets Right Of National Securities Dealers Association To Discipline For Overcharging

The Securities and Exchange Commission has just issued a release covering its "Review of Disciplinary Proceedings" against Sherman Gleason & Co.

These proceedings originated in District No. 14 before the Business Conduct Committee of the NASD.

Sherman Gleason, who is the sole proprietor of Sherman Gleason & Co., was charged with excessive mark-ups, failure to keep a position book and comingling firm with customers' securities.

Being found guilty of these alleged offenses by the Business Conduct Committee of the NASD, he was fined $250.

Gleason also failed to respond to a general questionnaire promulgated by the same District Business Conduct Committee and was expelled from the NASD.

Applying to the SEC for a review of this disciplinary action, Gleason claimed bias on the part of the Conduct Committee which tried him. He further contended that his dealings were conducted according to the accepted standards and customs of the securities business basing retail prices on over-the-counter quotations appearing in the Boston newspapers, that he had never sold any security above the newspaper quotations, and that he invariably handled the other side of the transaction, without a commission or profit, i.e., he sold what the customer offered in trade at no cost to the customer.

With respect to the NASD questionnaire, Gleason claimed the denial of his request that the matter be held in abeyance until the SEC passed upon his petition for review, was arbitrary.

SEC Criticizes NASD And Its Business Conduct Committee

The following are some of the extracts, findings and comments of the SEC taken verbatim from its "Release" in this case.

"No data were introduced on prevailing markets in the securities at the time of sale. Gleason's defenses that he did business on 'the same basis . . . that is employed by all other houses of my type and size in the city of Boston' and that his 'business has at all times been operated according to the custom and usage prevailing in the securities business in the city of Boston'; that he took no commissions in selling for customers and made less than 1% in net profit were, as far as

(Continued on page 1322)

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Alfred McGowan Is Joining Wyeth & Co.

Alfred J. McGowan is becoming associated with Wyeth & Co., 40 Wall Street, New York City, members of the Los Angeles Stock Exchange. Mr. McGowan was formerly with Gill & Co., specializing in guaranteed and minority railroad securities. Prior thereto he was manager of the trading department for Dresser & Escher, was with Van Alstyne, Noel & Co., Pizzini & Co., and Joseph Walker & Co.

Reorganizat'n Potentialities

McLaughlin, Baird & Reuss, 1 Wall St., New York City, members of the New York Stock Exchange, have prepared an interesting circular discussing the reorganization potentialities for selected securities of the Missouri Pacific System. Copies of this circular may be had upon request from McLaughlin, Baird & Reuss.

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Members St. Louis Stock Exchange

Kaiser & Co. Is Now N.Y. Exchange Member

Leland M. Kaiser has been elected to membership in the New York Stock Exchange. Mr. Kaiser is a general partner of Kaiser & Co., well known San Francisco investment banking firm specializing in State and municipal bonds. Other members of the firm include Edwin R. Foley, general partner; Walter D. Heller and Allen E. Meier, special partners.

In addition to the San Francisco office in the Russ Building, the firm maintains an office in New York at 25 Broad Street under the management of Charles C. Horton.

The firm is also a member of the San Francisco Stock Exchange.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

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Analysis Of Latin-American Defaults

Dr. Max Winkler Takes Issue With Sen. Hugh Butler That There Are $1,720,000,000 Of Latin-American Bonds In Default—Contends Only Four South and Central American Nations Are Not Paying Interest In Whole Or In Part

Taking direct issue with Sen. Hugh Butler from Nebraska that "Latin American countries have $1,720,000,000 of bonds in default" and that "they refuse to pay even interest on these loans made to them," Dr. Max Winkler declared on March 23 that more than four-fifths of all external obligations of Latin American governments and political subdivisions, outstanding in the American market in the amount of about $1,346,500,000, are receiving interest in whole or in part while less than one-fifth, or about $277,200,000, is in complete default.

Dr. Max Winkler

Dr. Max Winkler, member of the brokerage firm of Bernard, Winkler & Co., and associate professor of economics at the College of the City of New York, spoke at the Round Table on Latin America held at the New School for Social Research at 66 West 12th Street.

In view of the "much maligned and greatly abused foreign bonds, this showing," Dr. Winkler said, "is much more impressive than past and current criticism of American foreign investments suggests. It may well be doubted whether any other category of securities dealt in on the American market and comprising rails, industrials, utilities or real estate obligations can point to a more satisfactory performance.

"Of the twenty Latin American countries, fourteen have bonds outstanding in the American market. Ten are meeting interest on their direct obligations, either according to the original loan agreements or on the basis of recently effected settlements.

"Only four republics remain in complete default, including Bolivia, Costa Rica, Ecuador, and Peru. In the case of El Salvador under a recent agreement disbursements will undoubtedly be made to bondholders in the near future."

Analyzing the bond issues of the four countries now in default, Dr. Winkler stated that in the case of Bolivia and Peru the original issues were effected under circumstances "which suggested that bondholders would be bound to experience difficulties eventually. These issues amount to well over one half of the entire amount of Latin American dollar bonds in default."

As for the Colombian and Costa Rican obligations, the continuation of the default in view of the improvement in the economic and financial conditions in these republics would seem inexcusable, Dr. Winkler said. "The half million Cuban bonds listed as being in default cannot be laid at the doorstep of that country," he continued, "but is due largely to the attitude of U. S. governmental agencies, which for some mysterious reasons do not permit bondholders to exchange their investments for new obligations which the Cuban Republic created several years ago.

"The only dependable remedy for Latin American defaults lies in a modification of policies on the part of lending countries," Dr. Winkler suggested. "It is more than a coincidence that the defaults on Latin American bonds commenced with the enactment by the United States Government of one of the most rigidly protective tariffs in our history. Unless existing barriers to the free movement of goods and services are either removed entirely or drastically reduced, debtor nations will be able to meet their obligations only as long as creditor nations are willing and able to extend new credits with which to discharge old ones. Such changes are vital if we are genuinely desirous of avoiding a repetition of the experience of American investors in Latin American securities following the hectic days of the 1920-30 decade."

J. H. de la Vergne Is With Weil & Arnold

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—J. H. de la Vergne has become associated with Weil & Arnold, Canal Building. Mr. de la Vergne was previously with White, Hattier & Sanford, White, Dunbar & Co., Inc., and the Whitney National Bank of New Orleans.

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New York IBA Group To Hold Dinner April 11

The New York Group of the Investment Bankers Association of America is sending out invitations to a dinner to be held at the Hotel Pierre on Tuesday, April 11, 1944.

The guest speakers will be Clifford N. Folger, Folger, Nolan & Co., President of the Investment Bankers Association of America, and Emil Schram, President of the New York Stock Exchange.

F. Kenneth Stephenson, of Goldman, Sacks & Co., is Chairman of the Executive Committee, and Richard De La Chapelle, of Shields & Co., is Chairman of the Dinner Committee.

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Public Utility Securities

United Corporation Plan

The United Corporation on Jan. 27, filed with the Securities and Exchange Commission the initial step in its voluntary reorganization plan to comply with Section 11 of the Utility Act. An offer is to be made under the plan to the preference stockholders to exchange their holdings (up to 1,244,356 shares, or one-half the total amount) for a bundle of securities and cash—each share obtaining 1½ shares of Philadelphia Electric common (currently selling at 20 on the Stock Exchange), ¼ share of Delaware Power & Light common (14¼ over counter) and $3.75 cash (originally $5 was proposed, but a dividend of $1.25 was paid Feb. 14). Total value of the package would be $37.30 compared with the current market price of 34⅛ for United preference.

The exchange offer would be effective for ten days, but could be extended an additional 140 days. If more than one-half the preference stock is tendered, the distribution would be made on a pro-rata basis, as it is not intended to retire more than half the preference stock at this time. Consummation of the plan would mean distribution of United Corporation's entire holdings of Delaware Power & Light and would reduce its holdings of Philadelphia Electric to 155,540 shares, or about 1½% of the company's voting stock. Giving effect to the plan and using year-end market-values, United Corporation's remaining holdings would be as follows:

	Approx. Value	Percent
Statutory Subsidiaries—		
Columbia Gas & Electric, common	$10,246,138	15%
Niagara Hudson Power, common	6,707,683	10
Niagara Hudson Power, B warrants	27,287	--
Philadelphia Electric, common	3,402,437	5
Public Service Corp. of N. J., common	20,166,152	30
United Gas Improvement, common	10,615,890	16
Other Companies—		
American Water Works & Electric, common	425,263	1
Commonwealth & Southern, common	1,348,703	2
Commonwealth & Southern, warrants	15,703	--
Consolidated Edison, common	4,587,750	7
Consolidated Gas of Baltimore, common	2,206,137	3
Lehigh Coal & Navigation, common	407,904	1
Cash (Adjusted)	6,861,094	10
Total	$67,018,141	100%
Amount per share	*$53.86	

*The stock is callable at 55, but in liquidation stockholders would presumably receive 50 plus arrears ($53.75).

In determining whether to accept the plan and tender holdings of preference stock, stockholders are naturally interested principally in the calibre of Philadelphia Electric. The stock, now listed on the Exchange, was distributed some months ago to holders of United Gas Improvement (although a very small amount, less than 3%, had previously been in the hands of the public and traded over-the-counter). The company reported share earnings of $1.37 last year (adjusted to the new stock basis for the entire year) and paid $1.40 of which 20¢ was an extra dividend. Based on the current $1.20 rate the yield is 6% and the price-earnings ratio 14.6.

In the exhibits filed by United Corporation in support of its plan before the SEC, Philadelphia Electric's earnings for 1944 were estimated at $1.44 and for the post-war period at $1.80 to $2.00 (based on possible tax reductions and other adjustments). Delaware Power & Light earnings were estimated at $1.17 in 1944 (against $1.24 last year) and $1.64 to $1.84 in the post-war period (before deducting 14¢ amortization of plant acquisition adjustments). Estimated income from the "package" (including 6% on the $3.75 cash) was estimated at $2.27 in 1944 and $2.95 to $3.30 in the post-war period. Thus, stockholders relinquishing their United preference stock might hope eventually to obtain their original $3 income rate.

A number of detailed tables analyzing earning power of Philadelphia Electric were presented. After adjusting Federal taxes, depreciation accruals, size of plant account, new stock basis, and refunding savings, so as to place all years on an approximately comparable basis, share earnings of Philadelphia Electric during the period 1936-1944 had a range of $2.12-$2.46 based on a 25% normal tax (with no excess profits taxes); and a range of $1.64 to $1.92 based on a 40% tax rate.

Philadelphia Electric sold up to 22 in January but declined to 20 on news of the distribution plan. In 1940 the old stock sold as high as 39½, and the 1943 range for the new stock was 22-17 (the low being registered while the stock was on a "when issued" basis).

The old stock is not strictly comparable with the new because of the reclassification in 1943 when UGI distributed its holdings.

Midland Utilities 6s, 1938

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Additional Views Anent Dr. Lutz's Suggested Post-War Tax Policy

In an article bearing the caption "A Post-War Tax Program," which appeared in the "Chronicle" of Feb. 10, Dr. Harley L. Lutz, Professor of Public Finance, Princeton University, suggested a program for allocation of tax sources between the various levels of government—Federal, State and local—which, in his opinion, "appears to offer the maximum possibilities of automatic restraint upon the abuse and the destructive use of the taxing power." A number of letters have been received commenting on Mr. Lutz's article, some of which appeared in these columns recently. Others appear herewith:

MARK C. MILLS
Department of Economics, Indiana University

Professor Lutz' program for post-war taxation is forthright and provocative. The most arresting features are the proposals to discard the progressive net income tax as a source of Federal revenue and to rely upon a flat-rate tax on individual gross income and a general sales tax. In many respects these proposals are in direct opposition to current trends of thought. It is doubtless true that the proponents of net income tax before 1916 never dreamed that it would be necessary to push progression so far nor to adopt rates so high as those now in use.

As Professor Lutz doubtless realizes, there would be much opposition to these proposals on the grounds of the regressivity of both the sales tax and of the gross income tax. Despite this objection to the gross income tax, it is true that on the whole it has been successful in the States that have used it. In part, this success has been due to the low rates employed. While theoretically regressive in its results, the rates have been so low they have not given rise to serious difficulties and the yield has been remarkably good. With rates as high as would be necessary if the gross income tax were used as a major Federal revenue, there would probably be much more opposition to the tax than the States have encountered. Furthermore, in the few instances in which gross income taxes have been used by the States they have been used as a substitute for the sales tax rather than as a complementary source of revenue. The proposed sales tax, while it would arouse great opposition, would probably be easier to administer than the "spendings tax" which has been proposed at various times by the Treasury.

The proposal to allow the States to use net income taxes on business and progressive net income taxes on individuals raises interesting possibilities as does also the proposal to leave inheritance taxes of all kinds to the States. In both cases there would doubtless be, as Professor Lutz suggests, much competition between States with respect to rates and other advantages offered to industry. Such competition between States might be a potent factor in the relocation of industry after the war.

The effect of the present heavy Federal taxes upon saving and investment has been obscured by full employment growing out of the war effort and by the fact that the Government itself has provided a large part of the new capital which has gone into industry. Obviously, if the Government were to withdraw its support and to continue high taxation of business incomes, the prospect of expansion would be very different from what it has been in the past. Professor Lutz is realistic in his treatment of this problem.

ADAM L. GIMBEL
President, Saks Fifth Avenue

I read Dr. Lutz's article with great interest and am in agreement with his views, and you can rest assured that I will give it to others in my organization to read.

C. A. PHILLIPS
Dean, The State University of Iowa, College of Commerce

The "Chronicle" is to be congratulated upon the publication of such an able contribution. Dr. Lutz thinks deeply and soundly.

Kyle, Albert Frank's Philadelphia Manager

The appointment of Milton T. Kyle as manager of the Philadelphia office of Albert Frank-Guenther Law, Inc., advertising agency, has been announced by Emmett Corrigan, Chairman of the board. Mr. Kyle has been associated with the Philadelphia office for the past 10 years. He started his advertising career 28 years ago as a newspaper man in Philadelphia. In 1929, he opened the Philadelphia office of Doremus & Co., from which he resigned in 1934 to become associated with Albert Frank-Guenther Law.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument; Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Brockway Motors; Consolidated Dearborn.

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Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

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Bosworth And Lanius Join Merrill Lynch

(Special to The Financial Chronicle)

DENVER, COLO. — Edwin M. Bosworth and Paul B. Lanius have become associated with Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building. Mr. Bosworth had been in the investment business for himself in Denver for the past 35 years. Mr. Lanius has recently been with A. D. Wilson & Co. Prior thereto he was in the investment business for himself in Denver.

Cartwright a Director

Clermont Cartwright, Vice-President of Hill, Thompson & Co., Inc., has been elected a director of Richmond Ice Company, of Richmond, Virginia, and of the Raleigh Ice & Coal Company, Raleigh, N. C.

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Railroad Securities

The rail market has been in a notably jittery condition in recent weeks, with short spurts of pronounced strength interspersed with sudden withdrawals of bids for all classes of speculative securities. Successes in the Pacific, heavy bombing of Germany, and the incredibly rapid advances of the Russian Armies have in general more than offset the implications of the stalemate in Italy and have brought about recurring waves of peace optimism. This peace psychology has been furthered by political news leading to hopes of early defections by various of Hitler's satellite nations and hints of impending important further consultations of United Nations' leaders.

The recurring hopes of an early peace have in turn been dampened from time to time by publicized statements of Allied military leaders, set-backs such as the Japanese invasion of India, and a more realistic appraisal of the still formidable strength of the German fighting forces as demonstrated on the Italian front. As peace hopes periodically dim more weight is given, marketwise, to the tangible factors of current and early future earnings, and the unquestionably strong finances of the industry.

Also, when the immediate idea of an early peace fades into the background there is a greater tendency to remember the vast backlog of demand for civilian goods being built up and the consequent prospect for a sustained period of good general business in the post-war period. Regardless of the predictions of Mr. Ford that railroads will be abandoned entirely, there are few investors or speculators who doubt that the railroads will participate fully in any post-war prosperity period. It is only for short intervals during sudden waves of peace psychology that emotions overshadow reason, and bearishness prevails.

Despite the relatively violent swings that have been witnessed in recent weeks the general trend has continued upward. Most students of rails and rail securities are confident that this upward trend will continue, naturally with further recurring periods of temporary weakness.

In the closing days of last week selected reorganization securities again displayed signs of independent strength. For some time previously this group had been more or less in the doldrums. Strength in the reorganization group rests largely on expectations or hopes of specific developments in the individual proceedings. The near term future is rich in potentialities for such developments.

One recent tangible development has been announcement of payment early in April of interest on bonds of the Missouri Pacific group. These distributions were authorized last year but payment was held up by court appeal. It is hoped in some quarters that an appeal for additional payments will be forthcoming in the relatively near future. Cotton Belt is also expected to ask for permission to distribute some cash to bondholders as soon as conflicting groups can come to an agreement as to how such payments should affect security distributions under the reorganization plan.

In addition to the interest payment possibilities there are prospects of completion of intermediate steps in a number of reorganizations shortly. It is expected that the ICC will present its final modified plan for St. Paul to the courts by the Middle of April. The Rock Island plan should also be submitted to the courts shortly, and a final plan for Missouri Pacific is considered long overdue. Hearings have finally been set on the Seaboard new securities and as this is merely a technical matter, with the Commission not required to rule on the method of allocation of the new bonds, the decision should not be long delayed. Thus it is possible that two new groups of securities, St. Paul and Seaboard, may be added to the "when-issued" list shortly. All of these potentialities, added to the usual seasonal hope of appeals for interest payments, are calculated to sustain the recent speculative interest in the reorganization group over the next few months, and even in the face of probable unfavorable year-to-year earnings comparisons.

Irving Lundborg & Co. To Be NYSE Members

SAN FRANCISCO, CALIF. — With the acquisition by Murray Innes, Jr., of the New York Stock Exchange membership of the late George C. White, Irving Lundborg & Co., Kohl Building, members of the San Francisco Stock Exchange, will become members of the New York Exchange.

Partners in Irving Lundborg & Co. are Robert F. Mulvany, George John Otto, Mr. Innes, Harry E. Jonas, general partners and Alfred P. Otto, a limited partner.

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J. M. Kimball And Others Join Townsend, Dabney

(Special to The Financial Chronicle)

PORTLAND, ME. — John M. Kimball, M. E. Callahan, Charles C. Chase, and Richard P. Knight have become associated with Townsend, Dabney & Tyson, Fidelity Building. All were previously with Harry A. Rounds Co., of which Mr. Kimball was President.

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Must Government Controls Be Continued After The War To Protect Small Business ?

(Continued from page 1299)

every bank, insurance company, church, trustee and practically every family in America. Default on it would mean depression, unemployment and suffering. It would open the door to such a totalitarian regimentation of our scarcity as to make us wonder whether we had won or lost the war.

To carry these taxes and this debt, we must create a condition of abundance. We must have a production of real wealth in America that will substantially exceed our production before the war. We have the high records of war production, we have the plants, the materials, the tools, the new inventions, the skilled workmen, the skilled supervision, the manpower for distribution and operation, and we have an ample demand here and abroad for our products.

To finance such development calls for a flexible flow of capital into countless enterprises. It calls for dynamic initiative and effort such as can be the product only of individual enterprise. It calls for a minimum of governmental expenditures for non-productive supervision and reporting. It calls for a minimum of delay in making business decisions. It calls above all for stability and reasonable assurance of stability for a substantial number of years ahead so that private plans can be made and investments can be risked upon the probability of future developments. It calls also for governmental protection of fair practices and for governmental protection against economic dictatorships that can be as bad as political dictatorships.

Our primary obligation is to win the war and secure international peace and stability. This makes sound foreign policy a domestic necessity.

Our secondary obligation is to adjust the reins of governmental controls so as to encourage the vigorous development of private initiative, private employment, the investment of private capital and the development of small, as well as large, private enterprises. Equally important is the need for passing from our war economy to our peace economy as smoothly and quickly as possible so that there may be no unnecessary moment of unemployment and no unnecessary delays in production.

In the place of the governmental direction of business, we urge governmental encouragement of individual enterprise through the adjustment of taxation. This is an appropriate field of indirect governmental control. The first need is to reduce governmental expense so as to reduce the need for taxes. The second need is to adjust the burden of the taxes so as to encourage the investment of large and small private capital in new and productive private enterprise, the turning back into further productive enterprise of the earnings of industry, and the cordial sharing of the earned proceeds with those who labor to produce them. The burdens of regimentation and of taxation fall with especial weight upon the small businessman and especial attention needs to be given to relieving him of unessential reporting, the encouragement of his use of the corporate form without unfair handicaps of taxation, the announcement of tax policies as far in advance as possible so that the businessman may have a long-term basis for postwar planning.

Rationing of the consumption of particular items of which there is a continuing shortage and retention of price control in the interest of checking price inflation where shortages exist will be needed.

Our emphasis should be on the freeing as quickly as possible of the means of production so as to reduce all shortages. This means the early inventory and sale of surplus governmental plants, tools, materials and supplies not needed for the war or for essential civilian requirements.

It is in the field of non-essential civilian articles that the scope for discretion comes.

Here the policy can tend toward either a maximum or minimum of governmental guidance and control of materials and of governmental selection of individual producers. The Truman Committee of the Senate, of which I am a member, in its recent annual report recommends a minimum of such control.

We recommend the release of surplus materials even during the war. We urge private enterprise to pick up these materials for all simpler uses of them that can be made, especially by small business, while larger and more complicated uses of them is impossible because of the military or essential civilian needs for some critical incidental items such as electric motors or ball bearings.

The Committee expressly states "that we should have confidence in the operation of the free democracy for which the war is being fought. The Committee therefore believes that a manufacturer should be allowed to make any article he desires to make and thinks he has the facilities to make providing:

"1. Basic commodities . . . that are required . . . are not required for the manufacture of war or essential civilian items;

"2. The proposed manufacturing operations are not undertaken in an area . . . having an acute manpower shortage; and

"3. The manufacturer has not been offered a contract or subcontract for a war item, or notified . . . that a contract probably will be offered him in the immediate future."

On the other hand, constructive governmental control will be needed to protect the war industries, the production of articles for essential civilian needs and for a limited number of less essential civilian articles that will face a temporary shortage of materials for their production.

We recognize the need for continued protection of small business against monopoly and unfair methods of trade and competition We believe that the best protection for small business is to win the war, provide a stable international peace, adjust taxes so as to encourage the use of private capital in productive enterprises and assure impartial administration of labor laws.

We believe that the best protection for small business is to give it the benefit of governmental attention, consultation and cooperation, but to free it, and all other business, as much as possible from governmental control.

Coburn & Middlebrook Open Portland Branch

(Special to The Financial Chronicle)

PORTLAND, ME.—Coburn & Middlebrook are opening a branch office at 465 Congress St. Associated with the office will be John V. Chapman and Frederick B. Webster, both previously with Townsend, Dabney & Tyson, and Martyn H. Shute.

United Steel Workers Declare Wage Rise Is Not Inflationary

Arguing before a War Labor Board panel, on March 25, for a 17-cent hourly wage increase, CIO United Steel Workers denied that such an increase would have any inflationary impact, it was said in an Associated Press dispatch from Washington, on March 25, which also had the following to say:

David J. McDonald, union secretary, said the demand had been attacked on two fallacious grounds: First, that increases in steel prices would be necessary, and, second, that the wage increase is not in the national interest because it is inflationary.

Mr. MacDonald said the union's brief "demonstrated beyond doubt that the steel companies are in such an excellent profit position that they can pay the wage increase without raising the price of steel products.

"A wage increase that is met out of excessive profits can in no sense be called inflationary. If steel prices do not rise, then the prices of the products fabricated with steel will not rise. Hence, there will not be the impetus for a general inflationary wave of new price rises.

"The companies are using the theory of the so-called inflationary gap as an argument to keep wages frozen. This theory has been widely publicized and has become a major argument in support of wage freezing.

"Some officials and economists have tried to panic the country with wild predictions that the inflationary gap for a given year will be $40,000,000,000 or $60,000,000,000.

"On the basis of this false forecast, they then attacked the efforts of workers to adjust the Little Steel formula upward so that wages will be stabilized at the level of the real rise in wartime living costs.

"Significantly, not one of these scares has actually materialized."

What 200 Leading Stocks Will Do By Best And Worst Post-War Estimates

The Value Line staff has estimated the post-war sales and earnings per share of common stock of 200 leading companies under three different national income assumptions:

1. A national income of $135 billion (an optimistic assumption, since it implies almost full employment of the available working force of the United States).

2. A national income of $120 billion (which is moderately optimistic, in that it assumes that all but about six million of our working forces of 57 millions will be employed after the war).

3. A national income of $100 billion (a pessimistic assumption, since it implied unemployed of 11 million of the available working force of 57 millions. In 1932, by comparison, there were 13 million unemployed in this country).

In a special introductory offer, four consecutive weekly editions of the whole Value Line Survey are offered at only $5. Subscribers will receive Ratings and Reports on all the 200 leading common stocks (including 1944 earnings estimates and post-war earnings estimates under three national income assumptions); two Fortnightly Commentaries; a Report on the Value Line's Supervised Account; a Report on 37 Value Line Special Situations. Because the fee for one month's service is well below the $85 annual rate, this offer is restricted to those who have not already had a one-month trial within a year.

Write to The Value Line, 347 Madison Avenue, New York City.

This announcement is under no circumstances to be construed as an offering of these Shares for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Shares. The offer is made only by means of the Prospectus.

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Too Many Probes Says Congressman Cochran

The House on March 27, with proposals pending to create two more special investigating committees, received a suggestion that it set up a committee to co-ordinate committees and then change its name to "the House of Investigations." An Associated Press dispatch from Washington on that day, given in the New York "World Telegram" reporting this, added:

"It's about time we slowed down on this thing of setting up special committees every time we turn around," declared Chairman Cochran (D., Mo.) of the Accounts Committee. "At the rate we are going now, we might as well refer to the House as the House of Investigations."

Whimsically suggesting a "committee to co-ordinate committees," Representative Bulwinkle (D., N. C.) declared. "It is unfortunate that we spend so much time investigating."

Representative Cochran was expected to elaborate on his views when the House considers legislation soon to create a special 21-man committee to study postwar military planning.

He estimated that special committees and investigations already are costing "more than a million dollars" a year and much of the work, he said, is "overlapping and duplication."

Situation Looks Good

Steel Products Engineering Company offers interesting possibilities according to a memorandum being distributed by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this memorandum may be had upon request from Scherck, Richter Company.

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Real Estate Securities

By JOHN WEST

Grant Building 2½-5s Paying $62.50 Interest April 1 —1943 Earnings 11¼% On Outstanding Bonds

The 40-story Grant Building having a rentable area of about 400,000 square feet with a 5-story, 237 car ramp garage, is one of the outstanding office buildings in Pittsburgh, Pa., the heart of the steel industry.

A voluntary reorganization of the funded debt was effected in December, 1937, which placed the property in a position to meet varying conditions. Fixed interest charges of 7% were eliminated and replaced by provision for 2½% fixed interest plus 2½% contingent interest, depending upon earnings cumulative to the extent earned. A sinking fund provision calls for the use of 50% of earnings above 5% bond interest for the purchase and retirement of bonds.

Earnings for each year 1938-1943 have been in excess of full interest requirements, but for a period the directors deemed it advisable to allow the contingent interest to accumulate in order that the funds could be used for structural changes and to make available a full unfinished floor for occupancy and to enlarge the electric system and equipment. These changes have been of considerable benefit to the property as the following schedule of earnings will show reflecting 1942 and 1943 earnings in comparison with prior years.

For Year	Surplus Earnings Over 5%
1938	$45,098.83
1939	34,973.66
1940	5,199.04
1941	10,346.02
1942	89,323.00
1943	178,538.36

Contingent interest payments per $1,000 bond have been made as follows; the total payment of $62.50 being made April 1 includes $12.50 fixed and $50.00 contingent interest and cleans up all contingent interest accumulations.

April 1939	$25.00
1940	25.00
1941	5.00
1942	10.00
1943	35.00
1944	50.00
	$150.00

Amounts available for sinking funds per indenture terms have been as follows:

From 1938 earnings	$20,016.09
1939	14,953.50
1940	66.19
1941	5,173.02
1942	44,661.50
1943	89,269.18

As at Dec. 31, 1943, the corporation had accelerated sinking fund requirements by expending $28,886.44 in excess of the above amounts and had purchased in total $327,200 bonds for retirement, reducing the outstanding funded debt to $2,918,800. Now that all contingent interest accumulations have been paid, the corporation may, if it so desires, subject to working capital limitations, use all surplus earnings above full 5% interest requirements for the retirement of funded debt so long as bonds may be purchased at sufficient discount to make such a precedure practical. On the basis that 1944 earnings are at the same level as 1943, the sum of about $178,000 would be available for funded debt retirement instead of the $89,000 indenture requirement.

The record of this property since reorganization in 1937 has been quite satisfactory, each year earnings being sufficient for 5% interest and sinking fund. The bonds trade plus accrued interest at 2½% and go ex the contingent interest each Mar. 15. Based on full interest payments the yield at present market levels is high and the prospects for larger sinking fund operations give a speculative appeal.

Investment Banker Discusses Philanthropy

Col. Allan M. Pope, President of the First Boston Corporation, was guest speaker on the Welfare Council Forum broadcast over Station WMCA last Sunday evening. Colonel Pope discussed with Robert P. Lane, Executive Director of the Welfare Council of New York City, the subject, "A Businessman Looks at Philanthropy."

Allan M. Pope

In his talk, Colonel Pope described philanthropy as "big business" and suggested some of the reasons why practical businessmen have an active interest in social welfare and health, observing, "The old-fashioned notion that business thrives on exploitation and poverty has long been exploded." He also pointed out that business firms are themselves entering the welfare field in a variety of ways by providing special services for their employees.

Colonel Pope is particularly well qualified to talk on this subject, for besides being one of our leading investment bankers he is also President of the Welfare Council, which is a federation of 700 health and welfare agencies in New York City

"Ready Reference" List Of Ins. & Bank Stocks

White & Company, Mississippi Valley Trust Building, St. Louis, Mo., have prepared the current issue of their "Ready Reference" Insurance and Bank Stock List, including some interesting suggested retail offering prices. Copies of the list may be had upon request from White & Company.

OUR REPORTER'S REPORT

Public offering of the $18,000,000 of Oklahoma Natural Gas Co. first mortgage bonds, sold in open competition on Tuesday, could come today if that is in the plans of the purchasing banking syndicate.

But judging by the indisposition of the successful group to even discuss prices or respond to inquiries from wholesalers in the wake of the award, there was some doubt in investment quarters on whether the bonds would reach the public.

To such interests the transaction bore all the earmarks of a private operation in which the bankers were able to bid for the bonds with full assurance of being able to place the issue without recourse to usual sales channels.

In other words, the general assumption was that the banking firms which obtained the bonds had acted in the capacity of "agent" with bids already in hand sufficient to absorb the full amount.

That, too, would explain why the bankers were able to pay such a seemingly high price, 101.0939, for the issue as 2⅞s. It may be that another group likewise was acting in the capacity of agent, since a second bid for 2⅞s, this one 100.599, also was entered.

At any rate, it is the first 2⅞% issue to make its appearance in the utility field in quite a spell, and the Street naturally is agog. Three other bids, all naming a 3% coupon, ran from ½ to more than a full point above the winning tender.

The group which received the award of the 180,000 shares of preferred stock on its bid of 50½ for a 4¾% coupon is reoffering the stock at a price of $52.

Michigan Consolidated Gas

Yesterday's reoffering of Michigan Consolidated Gas Co. first mortgage bonds and preferred stock, sold in competitive bidding on Monday, found investors in a receptive frame of mind.

Demand was reported as quite brisk with a goodly portion of the inquiry originating from around Detroit and other middle western points.

Dealers here reported that indications were the bulk of the bonds had moved out, though a bit of work might be required to clean up the remaining balance. Meanwhile the 40,000 shares of preferred likewise was moving in a manner satisfactory to the sponsors.

Brooklyn Union Gas

Investment quarters hear reports that Brooklyn Union Gas Co. is engaged in exploring the advisability of undertaking the refinancing of its outstanding indebtedness.

Conversations are said to have been held by interested parties including at least one of the larger of the life insurance companies. Such an undertaking could foot up to a total of around $48,000,000.

But of the outstanding debt some $30,000,000 is non-callable before maturity, a fact which would require direct negotiation with holders or a proposal attractive enough to prompt conversion.

However, since no less than $20,000,000 of the non-callable obligations matures within the next two years, $14,736,000 of first mortgage 5s on May 1, next year, it may be that this program will remain in the background for a spell, at least.

Two Stock Issues Help

This week's volume of new offerings was swelled a bit by the marketing of two small issues of new preferred shares for industrial companies.

Yesterday brought public sale of 25,507 shares of 6% cumulative preferred stock, $100 par value, of Champion Paper & Fibre Co., with proceeds designed to finance contemplated capital expenditures when conditions permit.

Tomorrow another bank group will offer a block of 30,000 shares of series D 4% cumulative preferred stock of the Minneapolis - Honeywell Regulator Co.

Here again the proceeds will be added to working capital for general corporate needs.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number twenty-five of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

First things come first

If you are experiencing difficulty in getting your favorite brand of whiskey today, in your package store, hotel, club, restaurant, or tavern, perhaps the figures which follow will give you the major reason why the supply of whiskey from distillers to wholesalers, from the wholesalers to the retailers, and ultimately to consumers, has been curtailed.

"First things come first," and "cocktails" for the Axis, *without rationing*, are much more important today than cocktails for our citizenry.

Beverage distillers, just to remind you, completed conversion of their distilling facilities to the manufacture of alcohol for wartime purposes on October 8, 1942. That was over a year ago, although by a gradual voluntary conversion they were manufacturing high-proof wartime spirits as far back as the fiscal year, 1941. Really, the figures are very interesting; let's look at them.

Back in 1936, the beverage distillers were turning out 900,000 gallons of high-proof spirits. In 1940 this was multiplied ten times to 9,000,000 gallons. In 1941 they made 19,600,000 gallons, and that jumped to 53,900,000 gallons in 1942. In the fiscal year of 1943, following the 100% conversion of the industry on October 8, 1942, the output of high-proof spirits for wartime needs leaped to 152,000,000 gallons.

Today beverage distillers are turning out about half of the war alcohol output, the total of which is expected to amount to 500,000,000 gallons in the twelve months that will end June 30, 1944.

And, not all of the alcohol produced goes into the manufacture of war-time gun powder. About half of the total amount will go toward the making of synthetic rubber next year. Then it is also needed in the chemical industry which has grown so rapidly in wartime.

So, please remember that the beverage distillers are doing the best they can to supply you out of their accumulated reserve whiskey stocks—in moderation—through the package store, and through the dispenser. And distillers are continuing to advertise their brands, informatively, to keep their names alive... because they're proud of them...so that you won't forget them in the happier days to come, when there will be adequate supplies.

And just one more thing to remember; the price of good whiskey, itself, has not gone up. *You are paying more, because of the tax increase . . . to help finance the war.*

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Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

There are presented this week two tabulations which speak for themselves and need little explanation or discussion.

In Table I will be found a tabular comparison of the 1943 and 1942 earnings, on a per share basis, of thirty well known stock fire insurance companies, which represent a fair cross-section of the industry. Earnings are reported for the parent company only, and thus exclude earnings of any partially or wholly owned subsidiaries. Federal income taxes have been applied to underwriting profits.

In Table II will be found, for the same companies, 1942 and 1943 surplus, unearned premium reserves, and liquidating values per share. The latter figures are exclusive of the parent companies' equity in subsidiaries.

It will be noted that 1943 underwriting results were very favorable compared with those of 1942, when heavy marine losses were experienced by some companies. Twelve companies showed slight improvement in net investment income over the previous year, but the majority reported fractional declines. The surplus of all the companies at the year-end was substantially above the 1942 year-end figures, as also was liquidating value per share. Unearned premium reserves also were moderately higher in the great majority of cases. All in all, 1943 was a substantially better year for the fire insurance companies than was 1942.

Comparative Analysis
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TABLE I

	*Net Underwriting Profits Per Share		Net Invest. Income Per Share		Total Net Oper. Profits Per Share	
Name—	1942	1943	1942	1943	1942	1943
Aetna	—$0.48	$0.84	$1.91	$1.75	$1.43	$2.59
Agricultural	— 1.30	1.16	4.31	4.13	3.01	5.29
American Alliance	0.27	—0.11	1.40	1.38	1.67	1.27
American Equitable	— 0.33	—1.11	1.37	1.62	1.04	0.51
Bankers & Shippers	— 0.57	0.60	5.90	4.72	5.33	5.32
Boston	—20.37	7.10	31.23	31.73	10.86	38.83
Continental	0.15	0.93	2.34	2.32	2.49	3.25
Fidelity-Phenix	— 0.14	1.15	2.62	2.63	2.48	3.78
Fire Association	— 1.75	—0.09	4.08	3.95	2.33	3.86
Franklin	— 0.85	—0.25	1.59	1.33	0.74	1.08
Glens Falls	— 0.20	1.73	1.53	1.48	1.33	3.21
†Great American	— 0.19	0.32	1.26	1.25	1.07	1.57
Hanover	— 0.23	0.61	1.45	1.54	1.22	2.15
Hartford	1.03	2.41	3.03	3.23	4.06	5.64
Home Insurance	— 0.78	0.85	1.63	1.45	0.85	2.30
Ins. Co. of No. America	— 0.18	2.19	3.84	4.01	3.66	6.20
Jersey Insurance	0.00	0.20	2.56	2.28	2.56	2.48
National Fire	0.34	1.32	2.54	2.45	2.88	3.77
National Union	5.42	5.62	11.00	10.95	16.42	16.57
New Brunswick	— 0.56	—0.76	2.15	1.96	1.59	1.20
New Hampshire	0.12	—0.24	2.21	2.26	2.33	2.02
North River	— 0.88	0.16	1.12	1.12	0.24	1.28
Pacific Fire	0.20	1.90	6.65	5.60	6.85	7.50
Phoenix	— 0.11	0.54	3.52	3.43	3.41	3.97
Prov. Washington	— 0.62	1.09	1.71	1.78	1.09	2.87
St. Paul F. & M.	4.54	5.61	13.47	13.53	18.01	19.14
Security (New Haven)	— 0.16	1.47	1.96	1.85	1.80	3.32
Springfield F. & M.	2.86	—1.05	5.51	5.57	8.37	4.52
United States Fire	— 0.92	0.60	2.52	2.63	1.60	3.23
Westchester	— 2.99	0.79	1.71	1.73	—1.28	2.52

*After adjustment for change in premium reserve equity and Federal income taxes.
†Exclusive of Great American Investing Company.

TABLE II

	Surplus ($000 omitted)		Unearned Premium Reserves ($000 omitted)		Liquidating Value Per Share	
	12-31-42	12-31-43	12-31-42	12-31-43	12-31-42	12-31-43
Aetna	$23,265	$26,614	$23,047	$24,456	$53.31	$58.48
Agricultural	3,949	5,019	6,995	6,788	81.22	89.45
American Alliance	2,967	4,016	2,369	2,494	23.05	26.71
American Equitable	2,251	3,073	5,312	5,762	26.88	31.89
Bankers & Shippers	1,887	2,382	3,399	3,467	106.17	119.22
Boston	13,041	15,259	5,510	5,577	608.17	683.00
Continental	65,189	81,051	23,667	23,941	39.83	47.81
Fidelity-Phenix	51,231	65,272	18,270	17,950	41.53	50.80
Fire Association	9,107	11,584	9,677	9,567	74.89	87.05
Franklin	7,237	8,744	7,004	7,343	21.73	24.64
Glens Falls	6,167	10,442	9,214	9,634	*24.71	*33.59
Great American	22,619	28,292	16,350	16,742	*22.85	*26.50
Hanover	4,662	6,450	6,982	7,225	28.64	33.35
Hartford	69,895	79,395	39,277	41,991	81.34	90.16
Home Insurance	39,305	41,563	49,592	49,068	24.71	28.73
Ins. Co. of No. America	65,643	76,900	27,033	28,855	73.71	83.70
Jersey Insurance	1,058	1,301	2,153	2,246	58.38	64.00
National Fire	26,016	28,687	18,123	19,740	76.53	83.17
National Union	6,378	7,097	9,928	10,763	208.16	227.31
New Brunswick	1,519	1,891	1,787	1,866	32.34	36.37
New Hampshire	7,796	8,611	5,637	5,988	43.50	46.69
North River	12,160	14,248	7,612	7,728	21.51	24.18
Pacific Fire	2,823	3,303	3,907	4,027	134.65	147.85
Phoenix	43,763	48,457	10,506	11,001	89.94	98.09
Prov. Washington	5,572	6,642	5,744	5,952	36.23	40.08
St. Paul F. & M.	23,614	26,761	12,008	12,684	241.03	261.47
Security (New Haven)	4,765	6,886	5,412	6,024	44.65	56.48
Springfield F. & M.	14,636	15,965	16,182	16,557	130.54	137.94
United States Fire	18,642	22,293	12,476	12,780	51.26	58.81
Westchester	7,845	10,182	6,909	6,912	29.02	34.87

*Excludes equity in wholly owned investing companies.

Planned vs. Free Markets After War

By HUGH B. COX

(Continued from first page)

is certain to be some intervention by the Government, even if it does nothing more than enforce the ordinary police regulations against theft, fraud, and similar offenses. Here the line must be drawn on the basis of the nature and extent of the governmental intervention in the market. On one side of the line, the Government intervenes only as a kind of umpire to prevent fraud, force, or oppression and to enforce rules of fair play. On the other side of the line, the Government directly controls or regulates the operations of the market; that is to say, it makes or directs the decisions as to investment, production, price and distribution that in a free market are made by owners and managers.

Sometimes attempts are made to distinguish between planned and free economies on the basis of whether the controlling power is in private or in public hands. This distinction is illusory. An economy in which power is concentrated in the hands of a few private persons or groups is just as truly a planned or regimented economy as one which is run directly by the Government. In fact, a private group that throughout an industry fixes prices, suppresses invention, or denies newcomers an opportunity to enter the market is in effect exercising governmental power. When a planned or regimented economy gets to its last stage, the distinction between public and private power tends to disappear. You then get the kind of condition that exists in Germany in which it is impossible to tell where the big combinations and the cartels end and the Government begins.

These contrasts that I have drawn are not realistic because they are framed in absolute terms. No economy since the industrial revolution, at least in Western Europe or this hemisphere, has ever been either completely free or completely controlled. The economies of different countries have developed in different directions. Within particular countries the economy has not been wholly one thing or the other. In our own country, for example, the power of the Government, from a very early date, has been exercised to influence the economy or to control some of its operations. It is also true that in our country, at times and in particular areas of the economy, a high measure of control has been concentrated in private hands.

Traditionally, however, this country has adhered to the belief that the best economy is a free economy—that is to say, an economy not controlled or regulated by concentrated power, either in public or in private hands, but one in which the citizen, within limits, is free to make his own decisions and to use his own energy and property as he sees fit. We have believed that this is the economic policy most likely to lead to full employment, full production, and an adequate standard of living for the entire population. We have also believed that this policy is most likely to create an atmosphere in which political democracy can live and flourish; it was for this reason that the founders of liberalism fought for free enterprise and against monopolies and restraints of trade. In short, we have believed that this policy was most likely to create the kind of society in which all of us wish to live.

It is true that we have often deviated from this principle. Some of the deviations, the tariff for example, are of long standing; others are more recent. But by and large, we have tried to preserve a competitive economy and a free market. In the future as in the past we shall probably deviate from this policy in certain respects. For example, the national and local Governments will doubtless carry on public works programs and, in some instances, they will intervene to protect or to conserve exhaustible natural resources. Nevertheless, I assume that most Americans still believe in a free economy and that to that extent debate about fundamentals is unnecessary. Our task is to apply the general principle to the specific problems that we shall face as we move from war into peace.

This may not be easy. It is generally recognized that the pressures of war have led to concentrations of power, both in the hands of Government and of private interests. The dissolution or diffusion of power once concentrated is never an easy process. We shall undoubtedly succeed in doing it. But in the interval, while the power is still concentrated and before its diffusion is wholly achieved, we shall be confronted with opportunities and suggestions for its use that should be measured strictly against the standard of our basic belief in a free market. Many of these suggestions may be made in the name of order and security; we shall be told that they must be adopted to protect legitimate investments, to prevent economic chaos and to avoid catastrophic unemployment. In many cases these appeals may be made by persons or groups who sincerely believe in the principle of a free market but who, in their quite natural desire to protect their own interests, overlook the basic inconsistency between the specific proposals they urge and the general doctrine in which they believe.

I can illustrate the kind of inconsistency I have in mind by reference to a pamphlet that appeared in England about a year ago. This pamphlet, entitled "A National Policy for Industry," represented the considered views of a large group of English industrial leaders as to the economic policies which should be followed in England after the war. The pamphlet begins with praise of the system of private enterprise and an eloquent description of its benefits. Toward the end of the pamphlet, however, the writers express concern about the evil consequences that may follow from what they describe as "the uncoordinated action of competing firms." They say that it appears to be "an essential condition of progress that the relations between firms, between different industries and between industry as a whole and Government should be more fully and comprehensively organized in some form of permanent association. Otherwise there will continue to be loss and friction through forms of competition which are wasteful and uneconomic." The pamphlet then proposes the organization of a kind of hierarchy of trade associations and industry committees in which apparently the government will participate, to regulate and coordinate this competition. Thus, a document that begins with praise of a system of private enterprise concludes by proposing what appears to be the NRA with an old Etonian accent.

In this country, too, we may expect that there may be similar conflicts between basic principles in which we believe and specific proposals that may be advanced from time to time by particular groups, who, quite naturally, are preoccupied with their own immediate problems. These conflicts will pose difficult questions about the use of the powers of the govment in the transition period. We are likely to be beset with arguments, many of them persuasive, designed to induce the government to exercise powers, given for

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the purposes of war, to achieve ends that in many respects will be inconsistent with the existence of a free market. For example, we may expect to hear suggestions that many of the war-time controls over the economy should be extended for an indefinite period after the end of hostilities. Similarly, in the period of transition the agencies of the government may be urged to use those controls for the purpose of equalizing competitive conditions, to bar newcomers from an industry until established concerns have fully resumed peace-time production, or to recreate competitive conditions as they existed at some time in the past prior to the war emergency.

Not all of these arguments will be without merit. It may well be that some measures may be necessary to make sure that the sudden elimination of war-time controls does not give the economy too abrupt a shock. But the continued exercise of these governmental powers for an indefinite period after the end of hostilities, or their use to regulate or control competitive conditions, whatever immediate advantages might follow, will not encourage the future existence and operation of a free market in this country. In this connection, the letter that Mr. Donald Nelson, Chairman of the War Production Board, wrote to Senator Maloney of Connecticut, on March 7, 1944, which has been publicly released, is significant and encouraging. Mr. Nelson says in that letter that it is his view "that controls should be relaxed whenever they cease to be necessary to war production." He also says: "If the government were to attempt to prevent new competition, there would clearly be grave danger of shackling the country with a regimented economy for a long while to come. Such action would require detailed planning of all production by a government group—a development which I would strenously oppose. In my judgment, it is all-important to maintain a competitive economy. I do not believe you can have a democracy and at the same time forbid new competition."

Similar problems may arise with respect to the disposal of the vast amounts of surplus property that the government will hold when hostilities cease. We may expect to hear it suggested that the plants that the government owns should be held off the market, or perhaps even dismantled or destroyed if the operation of those plants will produce more goods than the market can take at reasonably competitive prices, or will threaten the security of existing investment. Similarly, it may be said that the supplies that the government holds should not be sold in such quantities that the economy will be unduly or improperly disturbed or that chaotic marketing conditions will follow. It is doubtless true that the government should not be indifferent to the conditions in the market where it sells its property; this would be true, if for no other reason, because the government will wish to obtain a fair and reasonable price and that price will be influenced by market conditions. Furthermore, situations will exist in particular industries that may require special treatment. But it is to be hoped that we will not embark upon any general policy of scrapping plants or materials or withholding them from the market because we believe prices are too low, or capacity too great, or that competitive conditions should be controlled and stabilized.

It is interesting to note one aspect of the arguments that will be advanced in favor of such a policy; in substance these arguments will justify the exercise of governmental power for some of the same reasons that are often advanced to justify the activities of private groups who have combined to restrain trade or monopolize commerce. The economic reasoning is as bad in one case as in the other.

It seems unlikely that those who may advance the suggestions will have seriously considered the nature of the power they are asking the government to exercise. If a government agency is not going to sell a plant because it thinks the plant will produce more goods than the market can take at reasonably competitive prices, that agency must decide what is a reasonably competitive price. If it is to withhold goods from the market because the sale would create disorderly market conditions, it must draw the line between those conditions that are orderly and desirable and those that are disorderly and to be avoided. A government agency that makes decisions of this kind is engaged in regulation of the market; it is making decisions that in a truly free market should be made by the traders themselves.

The problems raised by these suggestions can be illustrated by a hypothetical example. Suppose that some enterprising and courageous business man, Henry Kaiser or Andrew Higgins, should wish to buy a plant because he believes that he can sell its product and make a reasonable profit; suppose that in reliance upon his own judgment he is prepared to pay a fair price for the plant. Should the government refuse to make the sale because, in the judgment of an administrative official, Mr. Kaiser's or Mr. Higgins' prices would be unreasonably low or would create disorderly marketing conditions? In short, is this the kind of decision that should be made by the government, or by the business man who relies upon his own efficiency and resourcefulness?

Both during the transition from war to peace and afterwards, we shall be faced with problems caused by restraints of trade imposed by private groups. For the past 50 years we have dealt with the concentration of power in private hands by the methods provided by the anti-trust laws. It is sometimes said that these laws have not been effective, and that they have neither prevented the concentration of economic power in private hands, nor prevented practices that restrain trade and destroy the freedom of the market. It is true that at different times, the laws have been enforced with different degrees of effectiveness. It may also be true that, judged by absolute standards, the law may not have been completely successful. But it can hardly be said that the anti-trust laws have been ineffective. We have only to look at the economic systems that exist in England and on the continent of Europe, particularly in Germany, to see that so far, at least, this country has escaped the extreme forms of industrial concentration. A number of causes have doubtless contributed to this result. We owe something to the variety and extent of our resources and to the temperament of our people. But certainly the existence of anti-trust laws—both Federal and State—and the consistent recognition for 50 years by both major political parties of the soundness of the public policy embodied in the laws, have been substantial causes of our good fortune.

In any event, the effectiveness of the anti-trust laws depends ultimately upon what we do with them. If we will insist upon their vigorous and impartial enforcement, they will provide admirable tools for preserving a free economy. The laws possess a number of advantages as means of preventing private restraints of trade.

In the first place, they represent the kind of exercise of governmental power that is best designed to preserve a truly free economy. By enforcing the laws, the government acts as a kind of referee. It enforces certain rules of fair play and punishes practices that tend to destroy a free market. The enforcement of the laws, however, does not require the government to substitute its judgment for the judgment of the managers and owners of business, or to make decisions that should be left to competitive economic forces.

In the second place, the anti-trust laws permit a case-by-case approach. Their enforcement does not require us to superimpose some rigid and uniform system of rules upon all situations and all industries.

Finally, because the laws are enforced through the traditional processes of the common law, their enforcement is subject to certain desirable checks and balances. On the criminal side, the prosecutor in most cases presents his case to a grand jury; in every case a verdict must be returned by a petit jury unless the defendant waives that right. Thus, the common sense of the community serves as a check on the prosecutor. On both the criminal and equity side of the court, the judiciary, an independent, impartial and coordinate branch of the government, makes sure that there is fair play as between the litigants.

This last advantage is sometimes overlooked or minimized by those who believe that in this field we should substitute control or regulation by an administrative agency for the traditional processes of the law. Doubtless the administrative process has the advantage of elasticity and sometimes of speed. It is probably also true that the members of administrative bodies in time gain a kind of expert experience that is not possessed by the ordinary jury or judge. Great as these advantages are, they seem, at least in this field, to be outweighed by the merits of the traditional judicial process. Furthermore, proposals for the use of administrative regulation in this field require careful consideration for another reason; in some instances they may assume that the government will abandon its role as umpire and assume responsibility for making managerial decisions.

It has sometimes been suggested that it would be well if the Department of Justice or some other government agency could give advisory opinions about the application of the anti-trust laws, or advance approval to particular proposals made by industry. This proposal raises administrative and legal difficulties that cannot be discussed within the compass of this paper. But apart from these difficulties there is a real danger that an agency that gives an advance approval or an administrative ruling may gradually assume powers of regulation. The transition from a process which involves simply an indication of what is forbidden to a decision as to what must be done is not inevitable, but it is easy. Administrative machinery that begins by giving advance rulings may end by approving codes of fair practice. The country attempted an experiment of that kind in the

(Continued on page 1308)

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issues

March 29, 1944

Michigan Consolidated Gas Company

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Mutual Funds

"Are Stock Prices Too High?"

Under the foregoing caption, the current issue of **Lord, Abbett's Abstracts** offers some timely comments on the current position of the stock market. A comparison is made of the current "spread" between the yields available on representative stocks and high grade bonds at the present time with the spreads which existed at previous high points in the market.

The bulletin reports that as of a recent date the Dow-Jones Industrial Average offered a return of 4.53%. At the same date, Barron's high grade bond average showed a yield of but 2.60%.

This spread of almost 2% is contrasted with the **negative spread** which existed in 1929 and the spread of only .50% and .35% which existed in March, 1937 and September, 1939, respectively.

States the bulletin: "Considered on this basis, common stock prices have a long way to go before they are too high by this yardstick." For example, it is shown that for the Dow-Jones Industrial Average to appreciate to a 3% basis, on present dividends, it would have to rise to 210. In other words, to establish a spread of .40% with the present high grade bond yield of 2.60%, the Dow-Jones Average would have to move up 60 points, or 43%.

* * *

"Railroad Shares Are Still Undervalued," writes **Distributors Group** in a covering letter on its new folder entitled, "An Investment Opportunity in Discount Railroad Bonds." The letter goes on to state:

> **"To reestablish their normal relationships of former good years, discount railroad bonds on average would have to advance 35% to 40% above present levels."**

The folder contains an illuminating chart showing the relationship in price between high grade and discount railroad bonds over the past 29 years. This chart emphasizes the current abnormal spread in price between these two bond groups.

A forecast of higher ratings for railroad bonds was published last week by Mr. Frank L. Valenta, Vice-President in charge of the Investment Research Department of Distributors Group. "It is our firm conviction," writes Mr. Valenta, "that an upward revision in many railroad bond ratings appears almost inevitable during the current year."

Railroad Equipment Shares

A Class of Group Securities, Inc.

Prospectus on Request

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Dr. Max Winkler, consulting economist to **National Securities & Research Corp.**, discusses "Foreign and Domestic Demand—Solid Basis for Peace Economy" in the current issue of **Investment Timing.** Dr. Winkler's conclusions are optimistic. "Unlike the conditions that devloped following World War I, this time we can anticipate a solid basis for our peace economy."

* * *

The **Broad Street Letter** issued by **Broad Street Sales Corp.,** also contains a factual article on "Post-War Deferred Demand." A detailed analysis of the passenger automobile industry including the rubber companies is presented in the article. Here, too, the conclusion is optimistic. "The foregoing summaries appear to substantiate the expectations that the consumers durable group as a whole will exceed the 1937 level of activity in the post-war period."

* * *

George Putnam Fund, in its current monthly portfolio folder, gives a report of the annual meeting held Tuesday, March 7. At that meeting Mr. Putnam pointed out that "the current market value of each of the three principal parts of the portfolio was in excess of cost, and that the total current value of the Fund was over $500,000 in excess of the net capital paid in by investors." Total net assets on March 9, 1944, were $8,629,000, as compared with $6,690,000 a year earlier.

* * *

Massachusetts Distributors, in the current issue of **Brevits**, presents an interesting discussion of the contrasting methods of protecting shareholders in this country and Great Britain. The trend in Great Britain is toward the creation of a new office of "public shareholder" to be set up under the Crown. Every company would be required to issue one share, fully paid, of each class of its stock to the Board of Trade, which would vest formal ownership in the public shareholder, whose function it would be to institute any civil action which, in his opinion, was required for the public interest and the better protection of the shareholder. Stockholders requesting intervention by the public shareholder would be required to submit supporting data.

* * *

Hare's Ltd. has published a new folder, "Fire Insurance Stocks Presently Merit the Attention of Investors." The folder contains a summary of the current position of leading fire insurance stocks.

Investment Report

Massachusetts Investors Second Fund, Inc. reports net assets at $9,623,705 on February 29, compared with $8,477,964 a year earlier. Asset value per share rose during this period from $9.01 to $10.00 per share.

Dividends

Fundamental Investors, Inc.—A quarterly dividend of 22¢ per share payable April 15 to holders of record March 31, 1944.

Investors Mutual, Inc.—A dividend of 10¢ per share payable April 15 to shareholders of record March 31, 1944.

Manhattan Bond Fund, Inc.—An ordinary distribution amounting to 10¢ per share and an extraordinary distribution amounting to 10¢ per share payable April 15 to holders of record April 5, 1944.

Massachusetts Investors Trust—A quarterly distribution of 19¢ per share payable April 20 to shareholders of record March 31, 1944.

George Putnam Fund—A dividend of 15¢ per share payable April 15 to shareholders of record March 31, 1944.

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BOSTON, 10 Post Office Square (9)
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Securities Dealers Protest NASD 'Spread' Ceiling

By J. BURR BELL

(Reprinted from the Post-Standard, Syracuse, N. Y., March 26, 1944)

Dealers in unlisted securities are much disturbed over the decree of the Board of Governors of the National Association of Security Dealers, which places a 5% ceiling on "spreads" between purchase and sale prices of such securities. They contend that this limitation leaves them with little or no profit when time and effort are required to service the investor, pointing out that retail distribution of small issues is usually difficult because of their limited marketability.

This is a matter in which the public has a great deal at stake. For example, if brokers have no incentive for retailing stocks and bonds traded in on the Syracuse securities market, many small investors in this city and Central New York are going to find themselves without the services which have been of value to them in the past, because the broker cannot afford to bother with their affairs.

According to local brokers, it seems probable that, unless relief is forthcoming, small-lot trading in unlisted Syracuse stocks and bonds will virtually cease. If such a situation develops, countless investors may lose money because their securities lack marketing facilities.

Several local brokers when asked about NASD's 5% rule argued that it is not only un-American but tends to favor the comparatively few large firms dealing in unlisted securities, at the expense of thousands of small dealers. They expressed the hope that revocation will come, either through NASD or the Securities and Exchange Commission.

Congress and the Administration profess to be extremely solicitous of the welfare of small business. On the other hand, NASD, a product of the Maloney Act, intentionally or unintentionally hits small business.

SEC permits 16% or more underwritings. "How can an underwriting job in securities designed for over-the-counter trading be carried out successfully in the future unless markets are maintained for these securities?" the small dealer is asking.

Manhattan Bond Fund, Inc.

The Board of Directors of Manhattan Bond Fund, Inc. has declared Ordinary Distribution No. 23 of 10 cents per share and Extraordinary Distribution of 10 cents per share payable April 15, 1944 to holders of record as of the close of business April 5, 1944.

HUGH W. LONG and COMPANY
Incorporated
National Distributors
15 Exchange Place, Jersey City 2, N. J.

Fundamental Investors, Inc.

The Directors of Fundamental Investors, Inc. have declared quarterly dividend No. 41 of 22 cents per share payable on the Corporation's capital stock April 15, 1944, to holders of record March 31, 1944.

HUGH W. LONG and COMPANY
Incorporated
National Distributors
15 Exchange Place, Jersey City 2, N. J.

Planned vs. Free Markets After War

(Continued from page 1307)

NRA; there seems to be no general enthusiasm for its renewal. The American does not like to have someone else tell him how to run his business. He does not like to have the government do it. He does not like to have his competitor do it.

I am not suggesting that the anti-trust laws, considered alone, will insure a free market. Other measures and other problems will have to be considered. In any event, this is not the kind of thing that can be accomplished by any particular statute or mechanism. An attitude of mind is required; we must wish to live in a free economy and we must be prepared to pay the price and to assume the burdens of economic freedom.

You sometimes hear it suggested that economic trends are inevitable and that we are bound to drift into some kind of a collectivized, cartelized, or paternalistic economy. No economic condition is inevitable unless we make it so. We must guard against the weariness which many of us will feel and which always follows to some extent any national undertaking as momentous and exhausting as the war. We must remember that wars are fought not for themselves but for the peace that follows. We must not drift into an economic order that we do not voluntarily choose. If we approach the problem of the transition period and of the post-war world with faith in our purpose, we shall be able to establish and to maintain a free and democratic economy.

FIC Banks Place Debs.

A successful offering of two debenture issues for the Federal Intermediate Credit Banks was concluded recently by Charles R. Dunn, New York fiscal agent for the banks. The financing consisted of two issues, viz.: $12,300,000 0.80% consolidated debentures, dated April 1, 1944 and due Oct. 2, 1944 and $17,755,000 0.90% consolidated debentures, dated April 1, 1944 and due Jan. 2, 1945. Both issues were placed at par. Proceeds, together with other cash funds, will be used to retire $50,375,000 debentures becoming due April 1, 1944. As of April 1, 1944 the total amount of debentures outstanding will be $293,985,000.

NEW YORK LIFE INSURANCE COMPANY

99th Annual Statement to its Policyholders

☆

The greatly intensified effort of the nation at war has been the dominant influence on the activities of the Company, its agents and employees, during the year 1943.

The Company itself has recognized its continued responsibility to support the Government in its war effort through the purchase of United States Government obligations. During the year the Company increased its holdings of these obligations by $341,000,000. At the end of the year the Company held over $1,608,000,000 of such securities, an amount equal to 48 per cent of the total assets of the Company. There is no safer investment than United States Government bonds. For the protection of its policyholders, therefore, as well as for the furtherance of the public interest, the Company has adhered to its wartime policy of investing its funds primarily in the obligations of the United States Government.

In view of the prevailing low rates of interest and in recognition of the long-range effect of low interest earnings, the Company has further increased the reserves held to secure the performance of its outstanding life insurance and annuity contracts.

The Company is convinced that its policy both as to investments and reserves is, in all the circumstances, prudent and proper so far as the protection of its policyholders is concerned. It is also clearly in the best interest of the nation still at war.

The Company declared for 1944 the same annual dividend scale as was applicable for 1943. Dividends payable in 1944 amount to $33,600,000.

Over 1700 of our employees and agents are now serving in the armed forces, and it is greatly to the credit of a much reduced staff that the detailed operations of the Company are being carried on with such a high standard of performance and service to the policyholders. At the same time the staff, both in the Home Office and in the Field, have made substantial contributions to the overall war effort by taking part to an increasing extent in volunteer war activities both through Company organizations and individually in their own communities.

Our agency organization, greatly reduced by war service, likewise deserves much credit for the encouraging growth during 1943 in the Company's volume of life insurance in force. Sales of new life insurance were $452,000,000, an increase of 12 per cent over the previous year. These sales are in excess of any year's business since 1937. Terminations because of lapse and surrender were the lowest in twenty-four years. At the close of the year total insurance in force was $7,340,000,000.

As of December 31, 1943, the real estate holdings of the Company, acquired under foreclosure, were valued at $38,250,000, which is but slightly over one per cent of the Company's total assets. The book value of foreclosed real estate sold during the year amounted to $22,900,000.

The mortality experience of the year was less favorable than the previous year but it did not differ greatly from 1940, despite the fact that in 1943 there were approximately $4,500,000 of war claims including deaths of men in service not caused by an act of war.

Although the life insurance business, by its very nature, is an important influence against inflation, nevertheless the Company has felt that, in these days of war employment and shortages of civilian goods, it should make every reasonable effort to play its part in the fight against an excessive rise in the cost of living. Accordingly, it has taken an active part in the cooperative advertising program undertaken by 116 life insurance companies to help prevent an uncontrolled rise in prices and the cost of living. Its purpose is to encourage people to do voluntarily those things which will divert spendable funds into war bonds, life insurance and savings rather than into unnecessary goods. The Company joined in this program believing that it was a timely contribution to the economic and social welfare of the country as a whole and that it would directly serve the best interests of its policyholders.

On April 12, 1944, the New York Life Insurance Company enters its 100th year in a strong position. The Company looks forward earnestly to the responsibilities and great opportunities which lie ahead.

A more complete report as of December 31, 1943, containing additional statistical and other information of interest about the Company, will be sent upon request. A list of bonds and preferred and guaranteed stocks owned by the Company is also available. These booklets may be obtained by writing to the New York Life Insurance Company, 51 Madison Avenue, New York 10, N. Y.

George L. Harrison

President

STATEMENT OF CONDITION

December 31, 1943

ASSETS

Cash on hand or in banks		$49,143,483.85
United States Government Obligations		1,608,118,620.00
All other Bonds:		
State, County and Municipal	$87,151,528.00	876,480,696.00
Railroad	270,740,382.00	
Public Utility	355,833,476.00	
Industrial and Miscellaneous	61,663,321.00	
Canadian	101,091,989.00	
Stocks, preferred and guaranteed		74,456,444.00
First Mortgages on Real Estate		410,250,896.50
Policy Loans and Premium Notes		217,690,939.27
Real Estate:		
Foreclosed Properties	$38,250,252.37	52,371,749.82
Home Office	12,682,462.00	
Other Home Office Properties	1,439,035.45	
Interest and Rents due and accrued		23,301,281.30
Deferred and uncollected Premiums (net)		30,524,471.25
Other Assets		617,848.28
		$3,342,956,430.27

Of the Securities listed in the above statement, Securities valued at $46,798,802.00 are deposited with Government or State authorities as required by law.

LIABILITIES

Reserve for Insurance and Annuity Contracts	$2,647,875,634.00
Present value of amounts not yet due on Supplementary Contracts	238,412,778.00
Reserve for Dividends left with the Company	150,063,692.41
Dividends payable during 1944	33,650,864.00
Premiums, Interest and Rents paid in advance	19,892,282.93
Reserves for other Insurance Liabilities	21,047,054.89
Taxes payable in 1944	7,327,639.31
Reserve for fluctuations in Foreign Currencies*	4,000,000.00
Miscellaneous Liabilities	5,462,031.73
Total Liabilities	**$3,127,731,977.27**
Surplus Funds held for general contingencies	**215,224,453.00**
	$3,342,956,430.27

*This reserve is held chiefly against the difference between Canadian currency Assets and Liabilities which are carried at par.

The New York Life Insurance Company has always been a mutual company. It started business on April 12, 1845 and is incorporated under the laws of the State of New York. The Statement of Condition shown above is in accordance with the Annual Statement filed with the New York Insurance Department.

Canadian Securities

Government Provincial
Municipal Public Utility

Direct Private Wires to Toronto & Montreal

Wood, Gundy & Co.
Incorporated
14 Wall Street, New York 5
Toronto Montreal Winnipeg Vancouver London, England

Canadian Securities

By BRUCE WILLIAMS

It is encouraging to note increasing indications that serious thought is now being given to the question of Canadian immigration. The most practical step taken so far was the recent visit to London of Colonel Drew, Premier of Ontario, with the object of bringing to the attention of British industrialists the opportunities offered in Ontario for the establishment there of British factories in the post-war period. From London, there are reports of discussions concerning the removal of the entire British aviation industry to Canada, as Britain itself is too exposed to bombing risks. However, by far the most ambitious project yet presented is the "Satellite town plan," which envisages the establishment and maintenance in Canada and other Dominions of brand new towns, which would carry on the particular industry of the parent city or community in the mother country.

Canada is admirably suitable for this type of development. In the past any mass immigration has been almost entirely diverted into agricultural channels with very poor results. Never before has any real attempt been made to utilize Canada's tremendous industrial potentialities. Moreover, Britain is hard put to maintain its present population whereas Canada's greatest deficiency is the manpower necessary to develop its vast neglected natural resources.

The passing of Jules S. Bache, head of the firm of J. S. Bache & Co., recalls the story of financial perspicacity and faith in the future of the Canadian gold-mining industry which brought immense returns. Shortly after the 1918 armistice, Mr. Bache acquired a large holding in Dome Mines Ltd. and assumed the management of the company at a time when, because of the war, the mines were not producing and dividends had been suspended. At the end of 1943, however, this company had paid $56,000,000 in dividends. This experience is more than likely to be repeated at the termination of the present emergency period. Although manpower has been diverted from the gold-mining industry during the war, nevertheless there has been extensive prospecting which has uncovered promising new gold fields, especially in the North West Territories and Northern Manitoba. Consequently, with a full resumption of activity after the war, there is the distinct possibility that Canadian gold production will far surpass its previous peak level. Also in the post-war period, there are likely to be similar developments arising from important discoveries of oil.

It is, therefore, all the more gratifying that the Ontario Mining Commission has just concluded an investigation into the undesirable activities of certain security firms operating in the Province of Ontario which have recently received considerable publicity on this side of the border. The Commission has made sweeping recommendations for the safeguarding of the investing public which undoubtedly will meet with the full approval of the Ontario Legislature, and will result in the elimination of an undesirable few who have rendered a great disservice to the financial community and the mining industry in Canada.

With regard to the securities market for the past week, there is very little to be said. The tone remained steady to firm but activity was at a very low ebb. Although the official opening of the Sixth Victory Loan drive is still a few weeks ahead, the Canadian dealers are now almost entirely occupied with preliminary work in this connection. Thus the Canadian side of the market was almost inexistent and business here was restricted to a few switching operations and transactions resulting from the clearing up of the Montreal situation.

There was also little trading in the internal issues and but slight fluctuations in the Canadian dollar rate in the "free" exchange market. This absence of spectacular movement has diverted attention from this section recently, but this does not detract from the attractiveness of the internal issues at the present level. Furthermore, recent political developments give confirmation to the idea of the "key currency" approach to the whole question of currency stabilization which, in all probability, would involve the preliminary restoration of the Canadian dollar to parity with the U. S. dollar.

In view of the Victory Loan drive activities, the market, in general, is likely to remain quiet with little fluctuation. However, the probable call on April 1 for the redemption on June 1 of approximately $26,000,000 Canadian Pacific Railway 5s of 1954 might give rise to a certain volume of replacement operations.

CANADIAN BONDS
GOVERNMENT
PROVINCIAL
MUNICIPAL
CORPORATION

CANADIAN STOCKS

A. E. AMES & CO.
INCORPORATED
TWO WALL STREET
NEW YORK 5, N. Y.
REctor 2-7231 NY-1-1045

TAYLOR, DEALE & COMPANY
64 WALL STREET, NEW YORK 5
WHitehall 3-1874

CANADIAN SECURITIES
Government · Provincial · Municipal · Corporate

Faroll & Co. And Jos. Faroll & Co. Will Be Formed

Faroll Brothers will be dissolved as of March 31st, and on April 1st Faroll & Company, with offices at 208 La Salle Street, Chicago, and Joseph Faroll & Co., with offices at 29 Broadway, New York City, will be formed.

Partners in Faroll & Company will be Barnett Faroll, who will acquire the New York Stock Exchange membership of the late Cyril de Cordova; John H. Newman, Edward M. Rosenthal; Clinton S. Beach; Harry H. Wickham; and Thomas Y. Wickham. Mr. Barnett Faroll also is a member of the Chicago Stock Exchange and the firm will have several memberships in the Chicago Board of Trade.

Partners in Joseph Faroll & Co. will be Joseph Faroll, member of the New York Stock Exchange, Chicago Board of Trade and Associate member of the New York Curb Exchange; and Winfield H. Schweickart. Both were resident partners in New York of the dissolving firm of Faroll Brothers.

The Market

Share trading has been quite active in recent days but investors should not reach any erroneous conclusion as to the type of market we have been having. By and large, the speculative activity has been in the lower priced speculative railroad equities and similar issues. Investment stocks, to the contrary, have participated hardly at all in the market's activity or strength—General Electric, Union Carbide, American Telephone & Telegraph and other issues of this group have remained on the side lines, so to speak. We make this point because so many investors talk about the "current bull market in Wall Street." This seems to us to be a misnomer or certainly a mis-characterization, for the bull market, as we have indicated, has been in the speculative low priced category almost exclusively and this is a point, to put it mildly, not without significance. * * * This is not to say, of course, that one of these days the market may not become more well rounded and a rising price trend witnessed in the more conservative investment type of stock. But if this does not occur in reasonable time, we would be inclined to adopt a rather conservative over-all attitude toward equity prices.—Ralph E. Samuel & Co.

F. Eberstadt & Co. Sells Elliott Co. Preferred

F. Eberstadt & Co. announced March 29 that the offering of 50,000 shares of 5½% cumulative convertible preferred stock (par $50) of Elliott Co. has been oversubscribed and the books closed. The stock was formally offered March 28. Proceeds from the sale will be applied to the redemption of 1,458 shares of 7% cumulative preferred stock and 9,852 shares of 6% cumulative preferred stock, the balance of approximately $1,205,000 to be added to working capital.

The new preferred stock is convertible into common stock at $18 until April 1, 1949, at $20 for the next five years and at $22.50 for the next five years. It is redeemable at $54 per share for five years and at $52 thereafter, and is subject to an annual sinking fund equal to 10% of net income available for dividends on junior stocks.

According to the prospectus, the company intends to apply for listing of the preferred stock on the New York Curb Exchange.

Canadian Business Continues At High Level

The Bank of Montreal in its business summary dated March 22 states that "the past month has witnessed no material change in the general level of business operations, which remains high." The bank further states:

"The peak of production on war contracts has been definitely passed, however, and there is a progressive shift, gathering momentum every month, toward the greater production of civilian goods. The latest report of the Wartime Prices and Trade Board, dealing with its operations for the nine-month period ended Dec. 31, 1943, asserts that 'the beginning of the end' of shortages is emerging, although somewhat dimly so far, in the picture of civilian supplies. War orders are still of sufficient volume to keep the primary iron and steel industries very busy. The operations of the textile mills are on a lower scale than a year ago. The packing plants have been very busy, and there is at present such a surplus of meats in the country that it has been found possible to suspend the rationing of meat. The production of base metals remains high, but the shrinkage in the output of gold has continued. The newsprint mills are maintaining a fair scale of production. In February, new contracts awarded in the construction industry were valued at $16,229,000, nearly double the January figure but well below the figure for February, 1943, $19,019,000. The flour-milling industry remains very active."

Stafford & Co. to Admit

George A. Downey will shortly become a partner in Stafford & Co., 39 Broadway, New York City, members of the New York Stock Exchange. Mr. Downey will act as alternate on the floor of the Exchange for William F. Stafford, Jr.

This announcement is neither an offer to sell, nor a solicitation of offers to buy, any of this Preferred Stock. The offering is made only by the Prospectus.

25,507 Shares
The Champion Paper and Fibre Company
6% Cumulative Preferred Stock
(par value $100 per share)

Price $109 per share flat

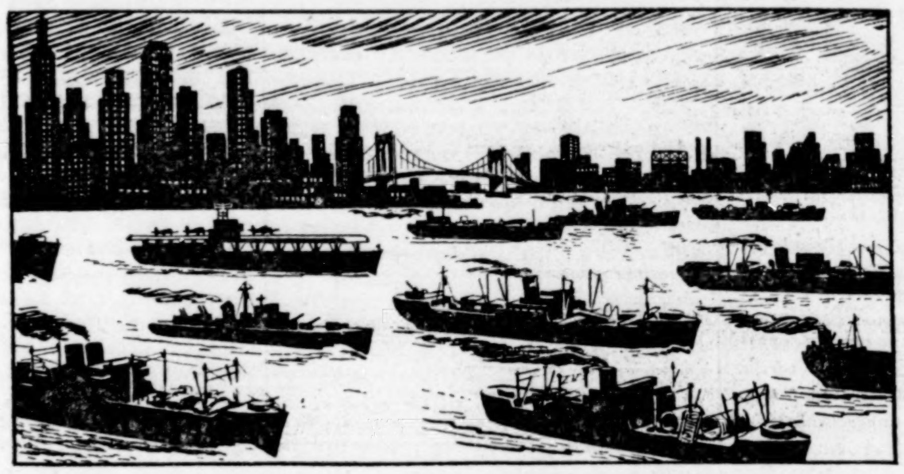
Copies of the Prospectus may be obtained within any State from the undersigned only by persons to whom the undersigned may regularly distribute the Prospectus in such State.

Goldman, Sachs & Co. W. E. Hutton & Co.

March 29, 1944.

HOW CONSOLIDATED EDISON SPENT THE MONEY YOU PAID IN 1943

A Wartime Report to Our Customers

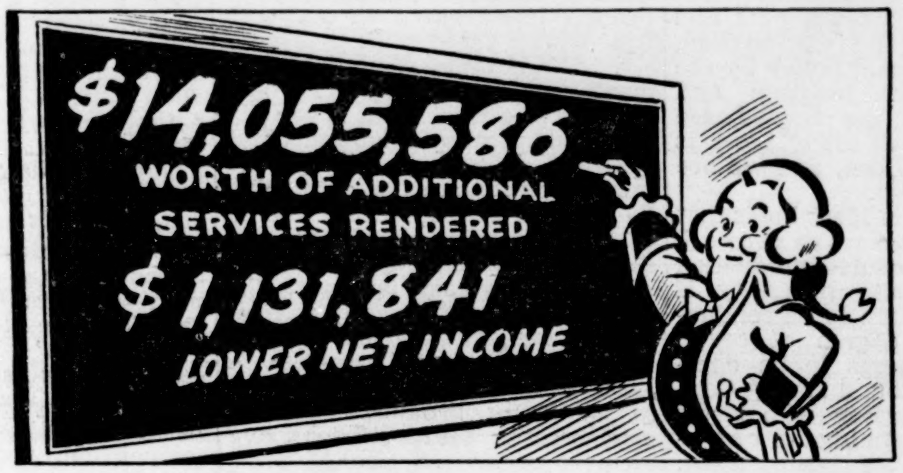


WE MET VITAL WAR NEEDS—KEPT HOMES AND BUSINESS SUPPLIED Thanks to pre-war planning and development, we were able last year to devote one-third of our electric output to war industries. Altogether, we produced additional services of electricity, gas, and steam to the value of more than $14,000,000 over the previous year.

MEN WORKING

WE EARNED LESS BECAUSE COSTS WERE UP. The necessity of employing all facilities to the utmost, plus inability to obtain new equipment, brought about large increases in the amount and cost of overhauling, repair work, and other maintenance operations.

A $66,000,000 TAX BILL. The amount of System taxes payable to local, state and federal governments—not including N. Y. City sales tax which we must collect from our customers—made a new high in 1943. These taxes represented 23.9¢ out of every dollar received.


$14,055,586
WORTH OF ADDITIONAL SERVICES RENDERED
$1,131,841
LOWER NET INCOME

141,321 STOCKHOLDERS. Net income was less, by more than one million dollars, than the year before, despite the fact that sales of our services were more than $14,000,000 higher. Net income is available for distribution among all stockholders, consisting of insurance companies, charitable, religious and other institutions, as well as individuals.

WE TOOK IN: In total revenue from sales of services and other sources	$ 275,620,000	100.0%
HOW IT WAS SPENT		
Wages, salaries and pensions to employes, chargeable to operations	69,376,000	25.2%
Taxes to governments	65,856,000	23.9%
Materials, supplies and services bought from others	62,719,000	22.7%
Depreciation of plant and equipment	28,865,000	10.5%
Total of above	226,816,000	82.3%
Interest on debt and other costs	18,446,000	6.7%
Dividends on preferred stock	10,913,000	4.0%
Dividends on common stock	18,354,000	6.6%
Surplus	1,091,000	0.4%
Income and outgo	$ 275,620,000	100.0%

The sum of the first four items, $226,816,000, representing the operating costs of the year's business, amounted to 82.3% of the revenues. This left for the security holders, whose money made the enterprise possible, $48,804,000, an amount equivalent to less than 4% on the plant investment of over $1,250,000,000.

SUPPORT THE RED CROSS WAR FUND

SERVICE

CONSOLIDATED EDISON
SYSTEM COMPANIES
NEW YORK & QUEENS ELECTRIC LIGHT & POWER COMPANY · BROOKLYN EDISON COMPANY, INC. · WESTCHESTER LIGHTING COMPANY
THE YONKERS ELECTRIC LIGHT & POWER COMPANY · NEW YORK STEAM CORPORATION

Planned vs. Free Markets After War

By MORDECAI JOSEPH BRILL EZEKIEL

(Continued from First Page)

crease in industrial production since 1940, with output now more than doubled, shows what American industry is capable of when it is sure of markets for its products.

With respect to post-war markets, two extreme sets of ideas are abroad in the world. One set holds that the major thing we need to do to create full employment is to enable private businesses to buy and sell in free markets without restraints or guidance, except those necessary to prevent monopoly or restriction of competition. This philosophy is represented in our domestic affairs by the anti-trust acts and the Federal Trade Commission, and in international policy by the trade agreement program and Article VII of the Lend-Lease agreements. This set of ideas is peculiarly American, and we are its chief exponent.

The other set of ideas holds that some kind of administered, planned, or scheduled production and exchange are necessary if business affairs are to be conducted with any degree of order. This concept seems to be dominant in England and among Continental businessmen who stress the need for planning by organizations of private businessmen, and who minimize the danger of resulting monopolistic actions. It is used by the great international cartels and the concerns, French, German, British, and American, which make up these cartels or cooperate with them, to justify their monopolistic activities, including some practices which would not be condoned by the exponents of planning.

A second variant of the same idea stresses the need for planning, but with public agencies or governments participating to insure that the general welfare is safeguarded. This form of the idea is present in the farm program of the U. S., with its governmentally - assisted support prices, production goals, and ever-normal granary operations, and in the parallel farm programs of most other great agricultural nations before the war. Our direction and advance scheduling of wartime production by WPB and War Food Administration, and the war-time integration of production and exchange among the Allies through all the various combined boards, represents an extreme development of such government - controlled planning to meet war-time needs. The full national planning of investment, production, and consumption in the Soviet Union is, of course, the single case of complete national planning of the internal economy as standard peacetime practice.

A thoughtful unofficial statement of the British point of view which supports planning under government auspices was made by Lord de la Warr, one of Britain's leading labor peers, in a speech last January. He said:

". . . Maximum production and maximum consumption is only possible in a world that is socially and economically organized. Why? Why not encourage everybody to produce as much as they like and then sell to a free market? Plenty will make for cheapness and cheapness will enable everyone to buy. All very easy, is it not? The only answer is that we've tried it and we are not sufficient fools to try it again. And therefore we know in fact that we will not get to maximum production unless producers in all countries have security of market and of price to enable them to make long term plans based on confidence."

The Federation of British Industries, which supports the private-planning method, gave a detailed statement of their views in their recent report on International Trade Policy. That report said:

"An orderly world economy presupposes a certain measure of guidance on broad objectives, the ultimate aim being to encourage the expansion of industry, but not to interfere with the day-to-day conduct of detail. . . .

"International action, based on existing machinery, might be taken to examine the problems of post-war raw materials. . . . International arrangements for semi-manufactured goods and manufactured goods in the making of which fashion or variety plays a large part might present great difficulties.

"Industries should examine this problem to see if it is possible or desirable to negotiate international arrangements with similar industries in other countries. The proposed International Economic Council should be entrusted with the task of coordination and ensuring that these arrangements operate in the common interest."

The American preference for competition instead of planning after the war has been clearly stated by Eric Johnston, of the U. S. Chamber of Commerce, who told the British Chamber of Commerce, in London, on Aug. 18, 1943:

"Virtually alone among the world's great nations, the United States has legislated emphatically and repeatedly against artificial monopoly and artificial trade practices. Our laws utterly forbid such domestic devices as the dividing of markets, the allocating of outputs, the fixing of prices by trade groups. . . . It follows that no American can intelligently and sincerely promise you any cooperation in any system of world-wide controls. Our law is unsympathetic toward it; and our temperament is utterly hostile toward it. The average American would call it economic imperialism, and he is against it."

This American position is reaffirmed by the National Association of Manufacturers, in its pamphlet on "Jobs—Freedom—Opportunity." It recommended that business should:

". . . Make every effort to bring about the ultimate restoration of competition, restricted or eliminated as a result of the war, and thereafter do everything possible to maintain a healthy vigorous competition; for it is through competition we get the rivalry among business enterprises which leads them to produce new and better things at lower prices for consumers."

With respect to foreign trade, the NAM report added:

"Fair competition is equally applicable whether it concerns domestic or foreign trade. Fair competition under a system of prices determined in a free market affords the best utilization of human and natural resources, capital, engineering, etc. Governments cannot be trusted to replace the system of free prices developed under the free enterprise system by central 'economic planning' or other artificial measures which experience shows are dictated by special interests rather than by the general economic welfare."

Despite this difference of opinion on competition, all students of post-war problems agree that we cannot establish or maintain prosperity unless we keep busy—unless we find ways of providing useful work for all those who wish to work, of enabling the workers to share in the consumption of what they have produced, and of maintaining such a flow of buying power as to support continued high activity. Some emphasize not merely high employment but highly **efficient** employment. They stress wage systems which encourage high individual output, encouragements for technological progress which maintain or accelerate improvements in methods of production, and incentives to the replacement of obsolete plants and to the prompt utilization of newly discovered methods or processes.

Efforts to plan markets through private actions may tend to run counter to this general objective of full and expanded output. Cartel and monopolistic arrangements have the avowed purpose of maintaining prices of the particular industry concerned at stabler and higher levels than would otherwise obtain — in the words of the Federation of British Industries, "to protect both producers and consumers from the loss and risk for which extravagant fluctuations of market conditions have been responsible in recent times." Unfortunately, such "protection" to the producers can come only from maintaining prices and profits higher than would otherwise prevail under the same conditions, or from preventing or delaying the introduction of technological improvements. In either case, the higher prices mean lower sales; the lower sales in turn mean lower employment, less production, and less consumption. While the profits of the industry may be higher, the rest of the economy has less goods and less work.

This is, of course, the classical argument against monopolistic restrictions. It may be well, however, to contrast this general argument with the alternatives which the producers and consumers may face in particular industries in the post-war period.

We must recognize that no planning for a single industry or a single market can cure the difficulties of general depression or general stagnation. Efforts to correct conditions of general unemployment by shoring up individual industries are merely applying patchwork to a general problem. The following illustrations do not attempt to deal with this general problem of the level of production as a whole, but rather to consider where advance scheduling may be useful in specific limited circumstances.

Certain products are produced under conditions where pure competition may increase immediate output, but actually reduce the eventual volume and amount of production. In certain fisheries, and in sealing, and whaling, excessive catches may reduce the natural reproduction rate, or even destroy the resource. In the case of lumber, unrestricted cutting can similarly threaten future lumber supplies. Competitive drilling of oil wells may waste a large part of the oil which would otherwise be recoverable. In each of these cases, planned utilization of the resource, including even restriction of the rate of current production, may serve to secure or sustain the maximum yield. Planning in such cases may therefore be in support of long-run abundance rather than of scarcity. Whether such production planning inevitably calls for sales and price planning as well, and whether the arrangements should be privately administered or under public control. raises other issues not discussed at this point.

A differenet set of problems will exist in certain industries that have been greatly over-expanded as a result of the war. Shipbuilding, aircraft, aluminum, and magnesium, are cases in point. Both here and abroad productive capacity for war purposes has been expanded far above potential peacetime needs, even for full employment. One alternative in settling the affairs of these industries would be to employ pure competition. That would involve knocking down all the government-owned plants to the highest bidders, encouraging all the plants to try to keep in production, and then standing on the side-lines and applauding while over-production and low prices encouraged expanded uses for the product. This would drive some of the concerns into bankruptcy, and finally narrow down the field to those plants whose production was needed by the expanded market. A second alternative would be for governments, either individually or collectively, to do some planning for the future of these industries, as to potential market needs, stand-by needs for security purposes, etc.—and then to scrap some of the government-owned plants and limit the disposal of the remainder accordingly. A third alternative would be to permit the concerns now operating the plants to plan future production and sales, either with or without government participation or control. Completely free post-war production and markets are a possibility in industries of this type—but a possibility that present owners or operators would be likely to contemplate only with a shudder. Yet planning for such new industries may seriously underestimate the expansibility of the market. Who would have correctly foreseen in 1918 the potential expansion of the auto market in the 20's?

A quite different situation is presented by industries where good times tend to produce an over-expansion in output several years later, or bad times tend to create an undue contraction. The hog cycle, the housing cycle, and the ship-building cycle are all examples of industries where pure competition tends to produce exaggerated and recurrent swings in production above and below the point of price equilibrium, with resulting losses and instability to producers, and with idle capacity and workers much of the time. It is conceivable some form of planning might be developed for such industries which would lessen the specific industrial fluctuations without harm, or even with benefit to, the rest of the economy.

Then there are the producers of primary commodities, such as sugar, wheat, and cotton, who in times past have found themselves faced with a continuing excess production above what the markets would take at any price, yet where low prices did not reduce output sufficiently to eliminate the oversupply. In the long run, perhaps, enough of the producers might have starved to death or lost their farms to have balanced output with demands, but humans are peculiarly unwilling to cooperate in economic laws which work only by regarding them as pieces of machinery which can be laid aside to rust until there is need for them again. Farm producers of these basic commodities have felt that they were attempting to live by free competitive principles in a society that was everywhere else bound or supported by monopolies or restricted prices, and so have turned to domestic programs of price supports and regulated production and even prices, with international commodity agreements as auxiliaries to the domestic controls. To be fundamentally helpful, these supports to existing production need to be accompanied by efforts to shift surplus capacity or surplus workers into other lines of production where opportunities are greater. While the farmers of the world hope that the expand-

This announcement is not to be construed as an offer to sell or as an offer to buy the securities herein mentioned.
The offering is made only by the prospectus.

NEW ISSUE

50,000 Shares

ELLIOTT COMPANY

5½% Cumulative Convertible Preferred Stock

$50 Par Value

Price $50 per share

plus accrued dividends

Copies of the prospectus may be obtained from the undersigned only in states in which the undersigned is qualified to act as a dealer in securities and in which the prospectus may legally be distributed.

F. EBERSTADT & CO.

March 28, 1944.

ing world economy as envisioned at the Hot Springs Food and Agriculture Conference will make such commodity controls unnecessary in the future, they will no doubt insist on maintaining them as defensive measures ready to be used to protect farm standards of living if and when the need should arise again.

A different planning problem confronts the many communities which today are making plans for maintaining employment after the war, under the stimulus of the C. E. D. and other agencies. Many of these communities are considering developing new industries. Some may decide to build new cotton mills. Many may decide to start the production of plastics. If the initiation of these enterprises is left solely to the uncoordinated choice of each community, many more new mills may be established in these lines than the country can use. If that happens, a period of excessive production, price-cutting, and bankruptcy would result before a new balance is struck. The alternative is some form of planning—some adding up of what is proposed to be done in each industry, some matching up proposed capacity with potential demand (even at minimum prices), and some assigning or prorating of proposed capacity. Again, by whom or how the job might be done would influence the results of the planning. The absence of planning might increase the number of disappointed towns, bankrupt concerns, and idle plants. Obviously, any effort to plan or control such types of new development would be contrary to our established concept of a free enterprise system. Yet it is also true that when we do face the enormous shift from our expanded war economy to a peace economy, there will be need for an exceptionally large volume of new investment. If too much of this new investment is poorly planned and unwisely made, we may have a resulting waste of potential resources of extraordinary magnitude.

The cases outlined cover only a small portion of the situations that might be presented. The problems of public utilities and concerns under public ownership have not been touched upon at all. Even so, the cases mentioned serve to indicate something of the complexity of the problem of free versus planned markets, and something of the difficulties that may be encountered in trying to apply any single rule to their solution.

Where we do decide that a particular situation does justify or necessitate some form of concerted production or market planning, we must then face the issue, who is to do the planning? No matter who does it, the act of planning involves the establishment of an administrative mechanism to collect the necessary facts and reach and administer the necessary decisions. Planned markets are administered markets. The administrative mechanism, or bureaucracy, if we prefer to call it that, may be set up under public auspices or private. If it is set up privately, it is responsible only to the special-interest groups which run it. It can then influence the general welfare of the producers, workers, and consumers affected by its operations, without public accountability for its actions. If it is set up under public auspices, on the contrary, it is responsible to governmental authorities. In this country, for example, that means not only public reporting of its operations, but also being subject to be called before legislative committees or other democratically-elected bodies for full and complete explanation and report both of its operations as a whole, and any detail of them. Publicly-controlled planning is planning by a public responsible bureaucracy. Privately-controlled planning is planning by an uncontrolled irresponsible bureaucracy. That is the reason why, in those cases where planning — limitation or regulation of competition — appears to be necessary, the modern tendency is to permit such planning only on condition that it be operated or controlled by a public agency, responsible to the whole people, and to prohibit planning by one of the interested parties, responsible only to its own interest group.

On this one point American opinion and liberal British opinion are in agreement. The Americans I have cited before agree that private groups should not be permitted to engage in market planning without public control. Lord de la Warr says, "we certainly should not be prepared to give such power over our lives to any but a public body." Even the Federation of British Industries recognizes the need of an International Economic Council to supervise their proposed planned "world trading system," though they are vague as to how far this would be a public agency, and how far a private one.

Public control agencies are always in danger of being captured by the private interest groups which they are established to regulate. That possibility is generally recognized, and methods to prevent it happening can be sought. A further complication, however, is not so generally recognized. Democratic governments such as ours have a diverse structure, and many lines of influence through which public attitudes and interests may influence official action. Planning by public agencies may thus tend to substitute for the competition of the market a competition between alternative plans of action.

In conclusion, we may say that there may be situations where the free market does not work toward either abundance or toward sustained high production. If planning is to be used to deal with these situations, it must be planning by public agencies truly responsible to the will of all the people.

This Is America

(Continued from First Page)

tried out his plan in 1889 in a shed at Canton, Ohio, with about $300 put up by friends. The money ran out in a few months and the little concern folded up. But my father learned something and in the next year came to Midland, Mich., and in 1890, with several thousand dollars, started what developed into our present company. He made his idea work and in ten years was the principal American manufacturer of bromine. In those ten years he gathered around him a group of resourceful, hard-working men. . . . I imagine our yearly pay rolls far exceed the value of all the lumber ever sawed in Michigan."

Man With An Idea

The significance of his story is that a man had an idea, that he got his friends to put up a few hundred dollars, that failure did not stop him or his friends and that in the end he succeeded in producing an outstanding unit of productivity of value to the nation. This company, beginning at scratch, is now probably the largest producer of magnesium.

It was just like Thomas Edison. I don't suppose any one failed as often as Edison did. There was no government in those days to tell him whether his electric light or motion picture or the phonograph or his batteries or any of the other products of his mind and laboratory were socially necessary, whether they would throw folks out of work, as Petrillo now insists when he stops records from being made. Edison just went on tinkering to his heart's content and there were always some friends about with loose change to take a chance on an idea.

I suppose the inventor of the fountain pen must have been a curiously queer duck. For the Lord knows how many years men had put their brushes, quills and pen points into the ink, but along came a fellow who said that he would put the ink into the pen. Do you remember how the early fountain pens used to squirt ink all over one's fingers and clothes? But who can deny the value and utility of the fountain pen? And I suppose lots of money was lost before the first money was earned and kept.

Free to Venture

And so it was with many things we call the necessities of American life. Men made them because they wanted to. Men put their savings into them because they wanted to. They were free to lose their money backing their own judgment. They were free to look like crazy monomaniacs who relentlessly pursued a single idea, if that is what they wanted to do with their lives. They were free to risk, free to venture, free to fail—and free to succeed in usefulness. And some were rewarded for their ingenuity, for their risk, for the value of their final product. And they were free to keep or to waste their earnings. It was theirs to do with as they chose.

It is because of that freedom in the United States that Germany and Japan are not winning this war since obviously we could not have been made ready in the 18 months or two years at our disposal. We have been making ready for decades, not as a government but as a free people. And when the call came the free people were ready. They—thousands of them—did this amazing job of productivity—and they were able to do it because such men as Dr. Dow had ideas and such men as his friends put their dollars behind ideas—and they did it on their own, without coercions, according to their private judgments.

48TH ANNUAL REPORT

SOUTHERN CALIFORNIA EDISON COMPANY LTD.

(AND SUBSIDIARY COMPANY)

YEAR 1943

Consolidated Income Account

Gross Earnings		$ 57,929,669
Operating Expenses and Taxes		
Operation and Maintenance	$14,922,577	
Taxes—State, Local and Miscellaneous	6,480,688	
Provision for Federal taxes on income	13,042,000	
Provision for Depreciation (substantially 15% of operating revenues)	8,606,161	43,051,426
Gross Income		$ 14,878,243
Interest and Other Deductions		5,273,452
Net Income		$ 9,604,791

Summary of Consolidated Earned Surplus

Balance, January 1, 1943		$ 13,151,587
Add: Net Income for the year ended December 31, 1943		9,604,791
		$ 22,756,378
Deduct: Dividends	$ 9,798,484	
Additional provision for prior years' income taxes	1,150,000	
Miscellaneous charges (net)	25,076	10,973,560
Balance, December 31, 1943		$ 11,782,818

Consolidated Balance Sheet, December 31, 1943

Assets

Plant, Property, Rights, Franchises, Etc. (Stated substantially at cost)		$360,584,307
Cost of Electric Plant Requisitioned by United States Government, amount of settlement not determined		2,510,289
Miscellaneous Investments		5,086,292
Cash on Deposit with Trustees		34,469
Debt Discount, Redemption Premium and Expense on Refunded Issues, being amortized		11,239,296
Capital Stock Selling Expense on Original Issues		3,368,417
Prepaid Accounts and Deferred Charges		4,980,497
Current Assets:		
Cash in Banks and on hand, and Working Funds	$ 5,718,834	
United States Government obligations at cost	16,380,000	
Accounts and Notes Receivable, less $662,193 Reserve for Uncollectible Receivables	4,161,756	
Construction and Operating Material and Supplies, at cost	3,865,995	30,126,585
		$417,930,152

Liabilities

Stated Capital:		
Capital Stock (Par Value $25 per share)		
Preferred—		
3,466,857 Shares	$85,441,811	
Common—		
3,182,805 Shares	70,743,697	$156,185,508
Long Term Debt		138,000,000
Premium on Bonds Outstanding, being amortized over lives of issues		2,766,944
Deferred Liabilities		566,398
Current Liabilities and Accruals		
Accounts and Dividends Payable	$ 4,853,189	
Accrued Interest	1,405,000	
Accrued Taxes	19,029,232	25,287,421
Reserves		81,976,792
Contributions in Aid of Construction		1,364,271
Earned Surplus		11,782,818
		$417,930,152

(THE ABOVE STATEMENTS ARE CONDENSED FROM THE PUBLISHED ANNUAL REPORT)

California Savings And Loan Associations Continue Growth

By NEILL DAVIS

Executive Vice-President, California Savings and Loan League

The 172 savings associations of California reported combined assets of $411,139,663 at the close of 1943. Of this total Federal savings and loan associations accounted for $216,598,386 and State-chartered institutions $194,541,277. The gain for the 12-month period was $56,148,570 or 15.85%.

Neill Davis

While the increase was consistent during the year, savings and loan associations generally showed an accelerated rate of growth with the influx of new funds continuing into 1944. Although associations have become large purchasers of War Bonds, much of this new money has found profitable employment in war housing and and refinancing of home ownership. The volume of new loans was the largest in 1943 of any year since the '20s.

A gain of $17,185,920 or 22% was scored by the 19 savings and loan associations in the City of Los Angeles during the 12-month period. Aggregate assets as of Dec. 31 last were $96,652,135. A substantial growth was made by many savings associations in other leading cities of the State, a few of which are enumerated below:

City—	Assets 12-31-43	Per cent Gain
Berkeley	$11,583,801	7.7
Beverly Hills	9,425,126	24.28
Oakland	7,670,117	28.14
Palo Alto	5,202,323	7.78
Pasadena	13,972,137	13.91
San Diego	16,801,081	13.73
San Francisco	23,915,084	14.15
San Jose	31,324,609	15.15
Santa Barbara	13,564,773	10.50
Stockton	8,476,288	4.59

Managers of many savings and loan associations in California have taken an active interest in the sponsorship of Home Planners' Institutes. The purpose is to educate prospective home owners through the guidance of experts in all phases of planning so they may be able to get a better home for their money, in essence a postwar planning program. It takes the form of a series of talks arranged usually by the Adult Education Department of the schools in the particular city, in cooperation with individuals and concerns allied with home building and financing. The first to get under way was in Pomona and much credit is given for its success to Fred B. Palmer, President of the Pomona First Federal Savings and Loan Association, and Vice-President of the State trade organization. He has explained the organization and procedure by request to groups in many other cities.

N. Y. Analysts To Hear

On Friday, March 31, William Prescott Watts of Stroud & Co. will address the New York Society of Security Analysts, Inc. on the Growth Factor in Railroad Analysis and Changing Trends in Traffic.

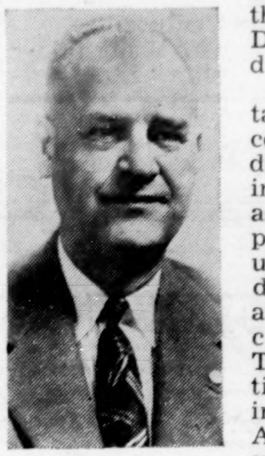
The meeting will be held at 56 Broad Street, New York City, at 12:00 p. m.

The Society announces that there will be no forums during the first week of April.

Thrift Practice Education By Savings And Loan Associations

By GEO. M. EASON

Postwar planning is the vogue for municipalities, civic groups and many other organizations having an eye to the future but it remained in the hands of farsighted savings and loan institutions in Los Angeles County to organize a program of Thrift Practice Instruction for public, parochial and private schools for future benefit to the industry as a whole and to simultaneously make a contribution of service to the Treasury Dept. for the duration.



George M. Eason

Fundamentally the success of the individual savings and loan association is predicated upon an understanding and an appreciation of Thrift Practice by investing members. A practice which has made possible the development of a reservoir of resources which is put to good use at mutual profit by the association in its respective community. Educating the public in Thrift Practice is of continuing active interest to the industry.

When the schools savings association was organized in 1942, definite plans of action were defined which included the following Articles of Association written by a superintendent of schools and a member of the executive committee:

Aims and Objectives

Sec. 2.01. Organized at the request of the Los Angeles City Superintendent of Schools, this Association has as its purpose the instruction, in the public, private, and parochial schools of the County of Los Angeles, as a regular part of their curriculum, in the principles of thrift and economy, the economical management of affairs, respect for property, and the inculcation of the importance of systematic saving and home ownership.

Sec. 2.02. The Association does not contemplate pecuniary gain or profit to its members.

Sec. 2.03. The aims and objectives of the Association shall be accomplished by stimulating and supplementing regular classroom teaching. This will be accomplished by supplying added materials of instruction and by conducting and sponsoring contests and activities consistent with the emphasis of the times.

Sec. 2.04. Patriotic ideals and the interests of our democracy shall be paramount as purposes which the teaching encouraged by this program shall serve.

Sec. 2.05. Realizing that the youth in the schools are in a most impressionable state of mind, it is recognized that motives of the program must bear upon character and citizenship lessons which are idealistic in purpose, yet most practical and workable in their development and expression in the school, home, and community life of the child.

Sec. 2.06. The program as developed and sponsored shall be subject to change and improvement as experience and need indicate.

At long last the industry was to have an opportunity for effective representation within the system of education which had heretofore been reserved for banks and banking.

For the duration the schools savings and loan association sponsors of the "Schools-at-War" education program in the 11 Southern California Counties for the War Finance Committee, Treasury Department, further an effective Patriotic Thrift Practice Program in the schools. It is the considered opinion of the executive officers that the sum total annual expense averaging $60 per million assets per member association is an exceptionally low cost program in relation to the value returns to the industry in terms of public relations, and a definite tieup in the field of education. Its postwar potentials offer the industry exceptional opportunity. In the meantime, school students are exposed to educational processes which outline the value of the industry to the community in which it serves.

Officers of the Association are: President, Geo. M. Eason, President of the Standard Federal Savings & Loan Association; Vice-President, T. A. Gregory, President of the Long Beach Federal Savings & Loan Association; Secretary-Treasurer, F. W. Kafitz, Vice-President-Secretary of the Union Federal Savings & Loan Association; Executive Committee, C. A. Carden, President of the Quaker City Federal Savings & Loan Association; Hugh H. Evans, Vice-President-Manager of the Western Federal Savings & Loan Association; Neill Davis, Executive Vice-President of the California Savings & Loan League; F. B. Palmer, President of the Pomona First Federal Savings & Loan Association; and Vierling Kersey, Superintendent of the Los Angeles City Schools.

Home Building Job For Private Enterprise Says Roosevelt

The statement was made by President Roosevelt on March 8 that the task of providing new homes that will be needed by millions of American families after the war "is primarily a job for private enterprise." The President's views were indicated in a message to the opening session of a three-day national conference on post-war housing sponsored by the National Committee on Housing held at Chicago. The President added that:

"Government must continue, however, to lend appropriate assistance to private enterprise in this undertaking, and to assume direct responsibility for doing only that part of the total job which private enterprise is unable to do itself."

The foregoing is from Chicago advices March 8 to the New York "Herald Tribune" which likewise reported:

He (the President) emphasized that the home building industry, by meeting the demand for millions of new homes that will arise after the war, will be able to "play a most important role in post-war America" by furnishing employment in all sections of the country.

"The goal to be sought here at home, when peace comes, is full employment," Mr. Roosevelt noted. "We must plan now to employ the men and women who will be released from war industry when victory is won at a wage that provides decent standards of living. One of the most important of these standards of living is a decent home — whether it be owned or rented."

Mrs. Samuel I. Rosenman, of New York, chairman of the committee, who read the President's message, also asserted that the American people were looking forward to post-war housing construction as "a mighty force to keep this nation pulled up in the bootstraps of prosperity."

Despite the President's insist-

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NEW SAVINGS ACCOUNTS
IN AMOUNTS of $50 to $5000

Each account is insured up to $5000 by Federal Savings and Loan Insurance Corporation of Washington, D. C. *Our current dividend rate is 3% per annum.* The Dec. 31, 1943 dividend is the *28th Consecutive Semi-Annual Dividend* paid by this Association.

To open an insured savings account here make your check payable to us, and mail it to the address shown below. We will issue and mail a pass book to you immediately. Funds reaching us by the 10th day of any month earn from the first day of that month.

Do not delay - Start saving today

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AND LOAN ASSOCIATION
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Eugene Webb, Jr., President

INSURED INVESTMENT
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CORPORATIONS, TRUSTEES, EXECUTORS
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This strong California Association offers an attractive source of investment, balancing safety and yield.

— **Federal Insurance up to $5,000 on each account.**

— **Semi-annual dividends have been paid without interruption since Berkeley Guarantee's founding.**

Mail accounts are welcomed.
May we send you our latest financial statement?

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Higher-than-Average Return

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Savings & Loan Association
5654 Wilshire Blvd.
LOS ANGELES

Assets: $6,197,064.00

Officers Of California Savings Loan League

Officers and directors of the California Savings and Loan League for 1944 are:

President: E. L. Barnett, Santa Rosa Building and Loan Association, Santa Rosa, Calif.

Vice-President: Fred B. Palmer, Pomona First Federal Savings and Loan Association, Pomona, Calif.

Executive Vice-President: Neill Davis, Los Angeles, Calif.

E. L. Barnett

Board of Directors: E. L. Barnett; Fred B. Palmer; W. J. Bowman, Albany Federal Savings and Loan Association; E. O. Ecklund, Riverside County Mutual Building and Loan Association, H. R. Erkes, State Mutual Building and Loan Association; Frederick R. Peake, Community Federal Savings and Loan Association of Berkeley; Phil G. Thomson, Republic Federal Savings and Loan Association of Los Angeles; and Charles K. Fletcher, Home Federal Savings and Loan Association.

Chairman of Federal Savings and Loan Division: W. J. Bowman.

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ence that post-war housing will be primarily the responsibility of private industry, other speakers at today's conference devoted their attention chiefly to financing of public housing projects after the war and came to the conclusion that Federal and State governments will have to provide the lion's share of the funds for the post-war rehabilitation and reconstruction of the nation's larger cities.

Simeon S. Leland, Chairman of the Federal Reserve Bank of Chicago, advocated the use of government funds to finance urban housing and other city public works.

California Savings & Loan League Holds Midwinter Conference

The California Savings and Loan League held its annual midwinter conference Feb. 23, at the Biltmore Hotel, Los Angeles. President E. L. Barnett presided. Speakers included: Fritz B. Burns, "Present-Day and Post-War Aspects of Home Building"; Rolland A. Vandegrift, Legislative Auditor for the State of California, "The Taxpayer in Post-War Planning"; Verne Orr, Vice-President, Chrysler Motors of California, "Industry's Contribution to Victory"; W. C. Mullendore, President, Los Angeles Chamber of Commerce, "Let's Face Some Facts"; H. Merle Smith, Division Manager of the United States Savings and Loan League, "When the Lights Go on Again"; Dr. Alfred Britt, Professor of History, Scripps College, "New Industry and Old in a Post-War World," and a demonstration of patriotic thrift practice instruction presented by Los Angeles City and County School Savings and Loan Association.

A second meeting was held in San Francisco, at the Clift Hotel, Feb. 25, with President Barnett presiding. Speakers were: Honorable Frank C. Mortimer, Building and Loan Commissioner of California; Rolland A. Vandegrift, Fritz B. Burns, H. Merle Smith, Ernest Ingold, "A Peddler Looks Fordward"; J. Fraser Rae, Industrial Plastic Consultant, "Post-War Plastics Development for California." The San Francisco meeting was held in conjunction with the annual stockholders' meeting of the Federal Home Loan Bank of Los Angeles.

Present officers and directors of the California Savings and Loan League:

Officers—E. L. Barnett, President (Secretary, Santa Rosa Building and Loan Association, Santa Rosa); Fred B. Palmer, Vice-President (President, Pomona First Federal Savings and Loan Association, Pomona); Neill Davis, Executive Vice-President.

Directors—E. L. Barnett, Secretary, Santa Rosa Building and Loan Association; Fred B. Palmer, President, Pomona First Federal Savings and Loan Association; Charles K. Fletcher, on leave, Lieutenant in the Navy Reserve; H. R. Erkes, President, State Mutual Building and Loan Association, Los Angeles; Frederick R. Peake, President, Community Federal Savings and Loan Association of Berkeley; E. O. Ecklund, Secretary-Treasurer, Riverside County Mutual Building and Loan Association, Riverside; W. J. Bowman, President, Albany Federal Savings and Loan Association, Albany; Phil G. Thomson, Executive Vice-President, Republic Federal Savings and Loan Association, Los Angeles.

Purchases Of War Bonds By California Savings & Loan Associations Mount

Make Record Sales Of War Bonds To Public, Too

By HUGH H. EVANS

Savings and loan associations in California began the year 1944 with a record of $80,316,000 in sales of War Bonds to the public and purchases of government wartime securities for their own account.

While all the reports have not yet been completed, California institutions have purchased so far during the Fourth War Loan drive an additional $17,575,000 for their own account.

During the same Fourth War Loan drive savings and loan associations sold to their members and the public more than $8,000,000, and through the efforts of the officers and employees made additional sales to the public in the amount of approximately $4,400,000, making a total participation in the Fourth War Loan drive of almost $30,000,000.

While the figures are not complete, it is safe to say that more than 12% of the assets of all savings and loan associations in California are now invested in Government bonds.

Throughout the United States our industry has accepted a new responsibility to its communities and to the country. They have enthusiastically entered into the sale of bonds to the public and also in the purchase of bonds for their own account. The first 20 months of the Treasury's campaign our industry participated to the extent of $259,000. In 1943, we have accounted for a total of $1,181,000,000, and since the start of the campaign our participation has reached in excess of $2,000,000,000.

Conservative
Since 1890

In its 54-year history, this Association has never failed to pay a semi-annual dividend.

EUREKA
Federal Savings
and Loan Association
685 Market St.
San Francisco

SAFE SINCE
1885

Assets December 31st, 1943
$3,387,530.36

Resources & Undivided Profits
$218,284.92

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AND LOAN ASSOCIATION
654 MARKET STREET
SAN FRANCISCO, CALIF.

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FEDERAL
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ASSOCIATION
In Beverly Hills
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YOUR SAVINGS

Assets Over $6,000,000

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GEORGE W. DAVIS
Executive Vice-President

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60th ANNIVERSARY
Uninterrupted Dividends
★ ★ Insured Safety ★ ★
Southern California's
OLDEST, San Diego's
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San Diego Federal Savings & LOAN ASSOCIATION
Roy Hegg, President... 1027 Sixth Ave. San Diego, Calif.

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SAVINGS AND LOAN ASSOCIATION
EDWARD A. DICKSON, President HUGH H. EVANS, Vice Pres. & Mgr.
SIXTH AND HILL • MAdison 2436

California Savings And Building-Loan Associations

Assets as of December 31, 1943

(Compiled by California Savings and Loan League)

Alameda	
Central B&LA	$6,007,039
Albany	
Albany FS&LA	618,373
Alhambra	
First FS&LA of Alhambra	2,321,215
Mutual B&LA of Alhambra	960,399
Altadena	
*First FS&LA of Altadena	3,454,280
Anaheim	
Anaheim B&LA	1,580,347
The Savings, Loan & Building Assn. of Anaheim	1,781,559
Arcadia	
Greater Arcadia B-LA	353,652
Atascadero	
Atascadero Guarantee B-LA	121,340
Auburn	
Central California FS&LA	262,997
Bakersfield	
First FS&LA of Bakersfield	1,010,874
Kern County Mutual B&LA	1,123,645
Banning	
San Gorgonio B-LA	392,752
Bellflower	
First FS&LA of Bellflower	2,483,681
Berkeley	
Berkeley Guarantee S&LA	5,338,830
Community FS&LA of Berkeley	2,985,621
Fidelity Guaranty B&LA	3,259,350
Beverly Hills	
Beverly Hills B&LA	654,536
First FS&LA of Beverly Hills	6,512,943
Southland FS&LA	2,257,647
Burbank	
Burbank B-LA	484,370
Surety Bond B-LA	1,196,723
Carmel-By-The-Sea	
Carmel B&LA	163,291
Chula Vista B-LA	
Chula Vista B-LA	766,965
Claremont	
Claremont B&LA	1,617,940
Colton	
Orange Belt FS&LA	1,416,160
Compton	
Compton FS&LA	1,481,121
Corona	
Corona Mutual B&LA	22,615
Coronado	
Coronado FS&LA	1,083,497
Covina	
First FS&LA of San Gabriel Valley	1,150,400
El Centro	
Imperial Valley B&LA	344,048
Escondido	
Escondido FS&LA	329,681
Fillmore	
Ramona B-LA	902,572
Fortuna	
*The Fortuna B&LA	96,968
Fresno	
Fresno Guarantee B-LA	2,814,140
Fullerton	
First FS&LA of Fullerton	715,578
Fullerton B-LA	269,934
*Mutual B&LA of Fullerton	222,791
Glendale	
Fidelity FS&LA of Glendale	1,539,011
Glendale FS&LA	6,702,802
Hemet	
Hemet FS&LA	259,302
Hollywood	
First FS&LA of Hollywood	4,715,922
Hollywood B&LA	3,138,120
Huntington Park	
First FS&LA of Huntington Park	2,357,600
Huntington Park BLA	1,378,529
Inglewood	
Inglewood FS&LA	3,797,307
*Peoples' B&LA	447,135
Peoples FS&LA	4,429,221
Laguna Beach	
Laguna FS&LA	2,471,242
La Habra	
*La Habra Valley B&LA	495,617
La Jolla	
La Jolla FS&LA	1,514,059
Long Beach	
First FS&LA of Long Beach	962,765
Long Beach B&LA	3,321,599
Long Beach FS&LA	13,988,653
Los Angeles	
California FS&LA	6,197,064
Coast FS&LA of Los Angeles	25,898,342
Great Western S&LA	1,424,391
Home B&LA	363,359
Liberty S&LA	388,919
Lincoln S&LA	1,825,192
Los Angeles American B&LA	432,732
Los Angeles FS&LA	6,905,975
Metropolitan FS&LA of Los Angeles	3,105,152
Pioneer S&LA	105,175
Republic FS&LA	2,417,422
Security FS&LA of Los Angeles	568,312
Southern California B&LA	12,752,347
Southern FS&LA	744,750
Standard FS&LA	3,160,849
State Mutual B&LA	15,269,808
Union FS&LA	1,436,523
Western FS&LA	11,529,434
Wilshire FS&LA of Los Angeles	1,831,564
Madera	
Madera Mutual B&LA	570,516
Marysville	
Marysville Guarantee B&LA	713,399
Merced	
Merced Mutual B&LA	253,411
Modesto	
Modesto B&LA	1,956,218
Monrovia	
Monrovia Mutual B&LA	2,427,931
Monterey	
Educational B&LA	387,391
Montrose	
Intervalley B&LA	1,137,587
Napa	
Napa B&LA	1,452,961
Newport Beach	
Newport Balboa FS&LA	883,871
North Hollywood	
North Hollywood FS&LA	1,265,842
Oakland	
First FS&LA of Oakland	3,374,558
Golden West S&LA	1,919,005
Oakland FS&LA	1,340,189
*Prudential B&LA	199,226
Thrift FS&LA	837,139
Oceanside	
Oceanside FS&LA	724,586
Ontario	
Euclid S&LA	980,561
Orange	
Orange B&LA	2,569,671
Oxnard	
Oxnard B&LA	600,607
Palo Alto	
Home Foundation B&LA	1,629,528
Palo Alto Mutual B&LA	3,572,795
Pasadena	
Atlas FS&LA of Pasadena	780,462
First FS&LA of Pasadena	3,779,174
Investors Mutual B-LA	2,028,078
Mutual B&LA of Pasadena	5,719,511
Pasadena B&LA	1,664,912
Paso Robles	
Paso Robles Mutual B&LA	359,528
Pico	
Pico-Rivera B-LA	1,015,686
Pomona	
Home-Builders' Loan Assn.	9,151,544
Pomona First FS&LA	7,253,266
Porterville	
Porterville Mutual B&LA	520,030
Redlands	
Redlands FS&LA	2,129,311
Redondo Beach	
American S&LA	1,024,142
Redwood City	
San Mateo County B&LA	1,379,508
Riverside	
Citrus Belt B&LA	717,558
Riverside County Mutual B&LA	1,536,286
Sacramento	
Capital FS&LA	4,273,824
Fort Sutter FS&LA	508,154
Sacramento Guarantee B-LA	988,661
Salinas	
Salinas Valley S-LA	712,851
San Bernardino	
First FS&LA of San Bernardino	1,178,565
Santa Fe FS&LA	2,483,835
San Diego	
Central FS&LA of San Diego	1,372,956
First FS&LA of San Diego	5,088,855
Home FS&LA of San Diego	1,612,926
*San Diego FS&LA	8,423,015
Silver Gate B&LA	303,329
San Francisco	
Bay View FS&LA	3,299,308
California Sav. & Loan Co.	3,349,811
Citizens' FS&LA	3,387,530
Eureka FS&LA of San Francisco	1,732,713
Franklin S&LA	1,537,093
Golden Gate FS&LA	1,282,572
Home FS&LA of San Francisco	2,477,450
Home Mutual S&LA	3,166,645
San Francisco FS&LA	3,204,885
The Western Loan Assn.	470,987
San Jose	
First FS&LA of San Jose	1,813,063
Guaranty B&LA	7,712,133
Independent B-LA	6,010,618
Nucleus B&LA	3,517,674
San Jose B-LA	6,068,013
Surety B&LA	6,203,108
San Luis Obispo	
Guarantee B-LA of San Luis Obispo	933,874
San Mateo	
Peninsula FS&LA	866,667
San Mateo Mutual B&LA	959,635
San Pedro	
First FS&LA of San Pedro	596,194
San Rafael	
Marin County Mutual B&LA	367,257
Santa Ana	
First FS&LA of Santa Ana	1,612,563
Santa Ana B&LA	2,179,605
Santa Barbara	
First FS&LA of Santa Barbara	3,177,244
Santa Barbara Mutual B&LA	7,418,772
The Loan & Bldg. Assn of Santa Barbara	2,968,757
Santa Clara	
Santa Clara B&LA	759,390
Santa Cruz	
Santa Cruz County B&LA	1,761,022
Santa Maria	
Santa Maria Guarantee B-LA	869,523
Santa Monica	
Century FS&LA	1,677,030
First FS&LA of Santa Monica	1,552,905
Santa Paula	
Santa Paula B&LA	858,548
Santa Rosa	
Santa Rosa B&LA	1,705,036
Sausalito	
Northwestern B&LA	806,282
The Sausalito Mutual Loan Assn.	145,977
South Pasadena	
First FS&LA of South Pasadena	1,304,683
Stockton	
San Joaquin B&LA	2,731,475
State B&LA	2,643,492
Stockton	
Stockton Land, Loan & Building Assn.	3,101,321
Tulare	
Guarantee B-L Corp. of Tulare	260,567
Tulare FS&LA	468,322
Turlock	
Turlock Guarantee B-LA	1,818,242
Van Nuys	
Provident B-LA	1,155,608
San Fernando Valley FS&LA	2,138,709
Visalia	
Visalia B&LA	406,181
Watsonville	
Watsonville FS&LA	646,165
Whittier	
Quaker City FS&LA	3,000,823
Whittier B&LA	2,733,565
Wilmington	
First FS&LA of Wilmington	431,693
Wilmington Mutual S&LA	603,816
Total for California	$411,133,573

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*Nonmember of California Savings and Loan League.

Chicago Home Loans In Feb. Exceed Those Of Any Previous Feb.

February advances of the Federal Home Loan Bank of Chicago to Illinois and Wisconsin member home financing institutions totaled $1,661,699 and were more than twice the dollar volume of any previous February in its history. A. R. Gardner, President, reported to the Federal Home Loan Bank Administration in Washington on March 16. He pointed out that seasonal patterns in lending, established by the reserve institution during peace time, are being frequently contradicted because of the varying needs of the member savings, building and loan associations in the war economy.

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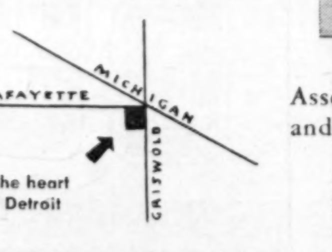
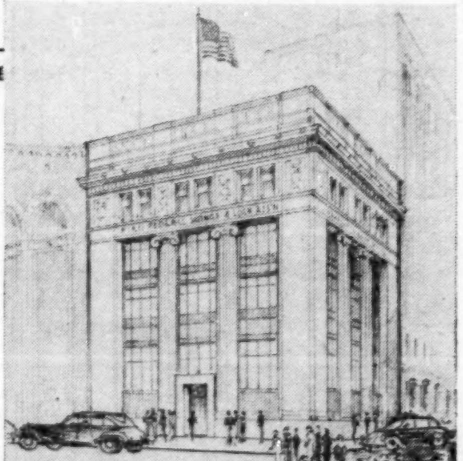
GRISWOLD AT LAFAYETTE
Walter Gehrke, President





Assets over $16,000,000...Savings and investment accounts accepted ...Current rate, 2%

GENERAL FOODS CORPORATION AND WHOLLY OWNED SUBSIDIARY COMPANIES IN THE UNITED STATES AND CANADA

COMPARATIVE CONSOLIDATED BALANCE SHEET DECEMBER 31, 1943, AND DECEMBER 31, 1942

ASSETS

	Dec. 31, 1943		Dec. 31, 1942	
CURRENT ASSETS:				
Cash		$ 11,983,961		$ 20,574,969
U. S. and Canadian Government securities at cost, which is not in excess of market, less $6,320,000 applied in reduction of Federal tax liability (1942—$6,000,000)		7,277,811		8,252,405
Accounts and notes receivable:				
Customers' accounts	$16,484,577		$ 12,013,790	
Miscellaneous, including deposits and working funds	1,946,657		1,547,728	
Notes, drafts and acceptances receivable	150,802		106,562	
	$18,582,036		$ 13,668,080	
Less—Reserve for discounts and for doubtful accounts and notes	378,925	18,203,111	293,677	13,374,403
Inventories, at average cost or market, whichever is lower:				
Raw materials	$44,876,900		$ 26,208,728	
Finished and semifinished stock	17,050,451		15,519,641	
Supplies	1,856,745	63,784,096	1,678,851	43,407,220
Total current assets		$101,248,979		$ 85,608,997
OTHER ASSETS:				
Investments in and advances to subsidiary companies (not consolidated) at proportionate amount of book value of net tangible assets, which is less than cost:				
Domestic and Canadian companies, less reserve of $185,367 ($174,239 in 1942)	$ 838,082		$ 712,480	
Great Britain and Bahama Islands companies	431,408		462,908	
Assets of wholly owned Philippine Islands subsidiary	420,901		420,901	
Amount receivable from U. S. Government for assets requisitioned	2,633,000		2,633,000	
Estimated postwar refund of excess profits tax	1,600,000		600,000	
Loans to employes	84,387		91,364	
Other stocks and bonds, at cost, less reserve	625,459		505,467	
Long term notes and accounts receivable, less reserve of $100,000 ($80,000 in 1942)	713,998	7,347,235	570,523	5,996,643
PROPERTY ACCOUNTS: (Note 2)				
Land, factory sites, etc.	$ 3,905,022		$ 3,596,832	
Buildings, docks, etc.	20,928,545		18,002,982	
Machinery, equipment, motor trucks, vessels, etc.	41,346,779		35,751,498	
	$66,180,346		$ 57,351,312	
Less—Reserves for depreciation	33,924,342	32,256,004	27,760,575	29,590,737
TRADE-MARKS, PATENTS, AND GOOD WILL (Note 6)		1		1
DEFERRED CHARGES TO OPERATIONS:				
Prepaid advertising expense and supplies	$ 499,878		$ 514,629	
Prepaid insurance premiums and other expenses	1,085,863		1,110,823	
Purchase contract rights—balance unamortized	181,729	1,767,470	206,232	1,831,684
		$142,619,689		$123,028,062

LIABILITIES

	Dec. 31, 1943		Dec. 31, 1942	
CURRENT LIABILITIES:				
Acceptances and drafts payable	$ 305,857		$ 21,206	
Preferred dividend payable	168,750		168,750	
Foreign drafts discounted	71,869		19,611	
Accounts payable, including taxes withheld	8,052,884		5,517,911	
Accrued expenses	604,250		506,345	
Salaries, wages, etc., payable and accrued	640,091		468,294	
Accrued miscellaneous taxes	1,576,839		1,289,968	
Federal and foreign income and excess profits taxes, after deducting $6,320,000 of U. S. Government Tax Series Treasury Notes (1942—$6,000,000)	18,794,278		15,835,085	
Total current liabilities		$ 30,214,818		$ 23,827,170
NOTES PAYABLE TO BANKS				
Due 1947 under revolving credit agreement		—		1,500,000
RESERVE FOR CONTINGENCIES		4,942,712		3,471,212
DEFERRED CREDIT				
Arising from requisitioning of assets, less Federal tax thereon		721,825		721,825
CAPITAL STOCK AND SURPLUS:				
Preferred stock:				
Authorized—350,000 shares without par value				
Issued—150,000 shares $4.50 cumulative preferred (involuntary liquidation preference $100 a share)	$15,000,000		$ 15,000,000	
Common stock (Note 6):				
Authorized—6,000,000 shares without par value				
Issued 5,590,774 shares (1942—5,359,751 shares) inlcuding 85,778 shares held by a subsidiary company for conversion of its Class A stock in hands of public	55,400,109		48,402,798	
	$70,400,109		$ 63,402,798	
Capital Surplus, statement attached (Note 6)	—		$ 2,350,224	
Earned Surplus, statement attached (Note 4)	$37,065,615		$ 32,744,156	
Less—Amount allocated in respect of common stock reacquired and held in treasury, at average cost (1943—15,311 shares; 1942—105,311 shares)	725,390		4,989,323	
	$36,340,225		$ 27,754,833	
Total capital stock and surplus		106,740,334		93,507,855
		$142,619,689		$123,028,062

COMPARATIVE CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

	Years Ended Dec. 31, 1943		Dec. 31, 1942	
Net sales (including $3,716,885 bulk raw material sales in 1943—$25,198,995 in 1942)		$259,858,252		$231,506,460
Cost of goods sold, including freight charges	$185,857,000		$163,325,089	
Selling, administrative and general expenses, and other charges	38,260,570	224,117,570	35,264,439	198,589,528
Profit from operations		$ 35,740,682		$ 32,916,932
Other income:				
Dividends and interest	$ 222,151		$ 243,792	
Royalties and miscellaneous income	464,503		$ 642,391	
Proportionate share of profits of subsidiary companies not consolidated	49,508		28,049	
	$ 736,162		$ 914,232	
Less—Interest expense	31,997	704,165	121,130	793,102
Profit before provision for taxes and contingencies		$ 36,444,847		$ 33,710,034
Provision for estimated income and excess profits taxes:				
Federal income taxes (including surtax)	$ 7,892,000		$ 7,416,000	
Federal excess profits tax (Note 5)	12,200,000		10,300,000	
Foreign income and excess profits taxes (Note 5)	708,000	20,800,000	684,000	18,400,000
Profit before provision for contingencies		$ 15,644,847		$ 15,310,034
Provision for contingencies		1,500,000		1,500,000
Net profit for the year		$ 14,144,847*		$ 13,810,034*
Earned surplus at beginning of year		32,744,156		28,537,770
		$ 46,889,003		$ 42,347,804

COMPARATIVE CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

Dividends on stock in hands of public:				
On preferred stock ($4.50 per share)	$ 675,000		$ 675,000	
On common stock (1943—$1.60 per share; 1942—$1.70 per share)	8,660,713	9,335,713	8,928,648	9,603,648
Total		$ 37,553,290		$ 32,744,156
Excess of cost of treasury stock reissued over quoted market value at dates of issuance, less amount charged to capital surplus		487,675		—
Earned surplus at end of year (amount allocated for reacquired stock not deducted) per balance sheet (Note 4)		$ 37,065,615		$ 32,744,156

*Equivalent, after deducting preferred stock dividend requirements, to $2.42 ($2.50 in 1942) a share of common stock outstanding at end of year.

NOTES TO FINANCIAL STATEMENTS

1. Net current assets and deferred expenses of Canadian subsidiary companies and the results of their operations have been reflected in the accompanying financial statements at official rates of exchange at the close of the year; property accounts have been reflected on the basis of approximate cost of exchange.

2. Properties are stated at cost, excepting certain properties appraised at sound values in 1916 and 1926; the balance at Dec. 31, 1943 of the appraised values in excess of cost, not yet covered by depreciation, was $756,989—($798,786 in 1942). Depreciation provided for 1943 aggregated $3,122,726 ($2,563,155 in 1942).

3. Renegotiation of 1942 business with U. S. Government departments resulted in a net refund of $28,500 which has been charged against the reserve for contingencies. No specific provision has been made in respect of 1943 business, but the net amount refundable, if any, will not have a material effect on the profits for the year.

4. Of the amount of earned surplus at Dec. 31, 1943, $9,298,284 was not available for dividends on the common stock (unless payable in common stock) being restricted by the preferred stock provisions of the certificate of incorporation of the parent company (as amended).

5. Estimated Federal and Canadian excess profits tax postwar credits, amounting to $1,500,000 in 1943, have been deducted in determining the provision for excess profits taxes. Of this amount $600,000 (debt retirement credit) was applied in reduction of the current tax liability.

6. The increase of $6,997,311 in the common capital stock account reflects the book value of the net tangible assets of businesses acquired during the year 1943 for 231,023 shares of original issue stock. Intangible assets also acquired for such newly issued shares amounted to $2,753,130 (as measured by the excess of the quoted market value of such shares over the net tangible assets), which amount, pursuant to the authorization of the Board of Directors, was credited to capital surplus account. In accordance with the company's consistent policy of carrying intangibles at the nominal figure of $1.00, the amount of these intangibles was simultaneously written off against capital surplus, so that neither of these transactions appears in the statement of capital surplus annexed hereto.

ACCOUNTANTS' OPINION

To the Board of Directors and Stockholders of
General Foods Corporation

February 23, 1944

We have made an examination of the consolidated balance sheet of General Foods Corporation and wholly owned subsidiary companies in the United States and Canada as at December 31, 1943, and of the related statements of profit and loss and surplus for the year 1943. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included such tests of the accounting records and other supporting evidence and such other procedures as we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related statements of profit and loss and surplus present fairly the position of the companies consolidated at December 31, 1943, and the results of their operations for the year 1943, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE, WATERHOUSE & CO.
56 Pine Street, New York 5, N. Y.

The Consolidated Balance Sheet for General Foods Corporation at Dec. 31, 1943, and related financial statements have been prepared under my supervision and, in my opinion, present fairly the position of the companies consolidated as of that date and the results of their operations for the year.

Feb. 23, 1944. MARVIN W. KIMBRO, *Controller*

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CANADIAN PACIFIC RAILWAY COMPANY

Sixty-Third Annual Report of the Directors of Canadian Pacific Railway Company, Year Ended December 31, 1943

To the Shareholders:

The financial results of operations showed a moderate improvement over 1942 which, however, was not in proportion to the increase in traffic handled. As a result of governmental regulations rates, both passenger and freight, were maintained at the 1941 level. On the other hand operating costs, both labour and material, and taxes advanced substantially.

The volume of traffic handled in 1943 surpassed what might have been thought possible a year ago. Freight, passenger, mail and express traffic all reached levels never before attained.

In meeting the enormous wartime demands for transportation your Company's organization and facilities were subjected to rigorous tests. Heavy snowfalls and sleet in the first quarter of the year created operating difficulties; the shortage of labour curtailed the maintenance programme; the amount of new equipment procurable fell short of requirements; and wartime restrictions limited the provision of additions and betterments to facilities. The continuance of heavy enlistments in the armed services of members of the staff created problems not only of replacement but also of training and supervision. In spite of all obstacles, however, your Company succeeded in meeting the demands made upon it.

The unprecedented record of operations for the year ended December 31, 1943, is set forth in detail below:

Income Account

Gross Earnings		$297,107,791
Working Expenses (including taxes)		247,896,224
Net Earnings		$49,211,567
Other Income		16,270,751
		$65,482,318
Fixed Charges	$21,795,836	
Interest on bonds of Minneapolis, St. Paul & Sault Ste. Marie Railway Company, guaranteed as to interest by your Company	703,764	
		22,499,600
Net Income		$42,982,718
Dividends on Preference Stock:		
2% paid August 3, 1943—£564,070	$2,521,391	
2% payable February 1, 1944—£564,070	2,521,391	
		5,042,782
Balance transferred to Profit and Loss Account		$37,939,936

Profit and Loss Account

Profit and Loss Balance December 31, 1942			$201,250,483
Balance of Income Account for the year ended December 31, 1943			37,939,936
			$239,190,419
Deduct:			
Loss on lines abandoned and on property retired and not replaced		$3,460,902	
Amount transferred to Rolling Stock Depreciation Reserve for extraordinary post-war retirements	$20,000,000		
Less amount of excess credit transferred from Steamship Depreciation Reserve	16,649,095		
		3,350,905	
Exchange adjustment in respect of steamship insurance recovered in sterling—net		780,714	
Miscellaneous—Net Debit		363,680	
			7,956,201
Profit and Loss Balance December 31, 1943, as per Balance Sheet			$231,234,218

Net Income of $42,982,718 was $2,628,451 greater than in 1942. Subsequent to the end of the year, a dividend of 2 per cent. on the Ordinary Stock, amounting to $6,700,000, was declared from the earnings of the year 1943, payable March 31, 1944. This dividend is not deducted from the Profit and Loss balance at December 31, 1943, shown above.

Railway Earnings and Expenses

The comparative results of railway operations were as follows:

	1943	1942	Increase
Gross Earnings	$297,107,791	$256,864,091	$40,243,700
Working Expenses (including taxes)	247,896,224	208,676,402	39,219,822
Net Earnings	$49,211,567	$48,187,689	$1,023,878
Expense ratios:			
Including taxes	83.44%	81.24%	2.20
Excluding taxes	72.82%	71.54%	1.28

Gross Earnings were $40,243,700, or 15.7%, greater than in 1942, a year in which the earnings had reached their highest previous level. In each quarter of 1943 the earnings were higher than in the corresponding quarter of any previous year in your Company's history.

Freight Earnings increased by $22,045,259, or 11.3%. This result can be attributed principally to further expansion of the Dominion's industrial output, the enlarged export trade brought about by improved shipping conditions and the development of heavy grain movements both to Atlantic coast ports for export and to points in Eastern Canada and the United States to provide winter feed for livestock. Owing to the joint policy of the Canadian and United States Governments in diverting more ship tonnage to the grain traffic, it was possible to transport to lake ports a large amount of the grain which had accumulated in country and terminal elevators.

Earnings from grain and grain products increased $12,200,000, or 37%. Grain handlings on your Company's lines were 257 million bushels, compared with 181 million bushels in 1942, and were slightly in excess of the 1925-1929 average of 254 million bushels. It is estimated that the wheat remaining to be moved by all railways from the Prairie Provinces amounted to 470 million bushels at the end of the year, approximately 60 million bushels less than at the end of 1942.

Ton miles for the year totalled 24,950 million, compared with 22,600 million in 1942 and 18,423 million in 1928. Owing to greater dispatch in the handling of cars the large increase over 1928 was actually accomplished with 5 million less car days. The average revenue per ton mile was 0.87 cents, showing little change from last year's figure of 0.86 cents.

Passenger Earnings increased by $11,830,792, or 30.1%. Owing to continued heavy movements of the armed forces and a sustained high level of civilian travel, the volume of passenger traffic surpassed previous records. The average passenger journey of 150 miles compared with 156 miles in 1942.

Other Earnings increased by $6,367,649, or 29.4%. Express revenues were the largest since 1921. Revenues from sleeping and dining cars, from news services and from demurrage all reflected the general increase in business activity and travel.

Working Expenses increased by $39,219,822, or 18.8%. Exclusive of taxes, the increase in expenses was $32,592,157, and the ratio of expenses to gross earnings was 72.82% compared with 71.54% in 1942. Several factors contributed to the increase in the ratio. The wartime cost-of-living bonus paid to employees amounted to approximately $14,000,000, an increase of $2,000,000 over last year. The bonus rate of $4.25 per week which had been in effect since August 15, 1942 was increased under Order-in-Council P.C. 5963 to $4.60 per week, effective November 15, 1943. Higher prices for locomotive fuel added approximately $3,000,000 to the year's expenses and many other material costs were higher. As a result of the extreme weather conditions of the first quarter of the year, there was an increase of $1,200,000 in the cost of snow and ice removal.

Maintenance of Way and Structures Expenses increased by $8,840,465. During the year 1,736,337 treated and 1,252,608 untreated ties were placed in track, 539 single track miles of new rail were laid, and rock ballast was applied to 72 miles of track. Tie plates to the number of 2,894,905 and rail anchors to the number of 1,341,298 were installed. The examination of rails for hidden defects by the Sperry detector car covered 8,890 miles of track.

Shortages of labour and material continued to be acute and the year's maintenance programme was again restricted in the main to immediate traffic requirements. The amount set aside in the year's accounts for special maintenance reserve was $3,500,000. Depreciation on bridges, buildings and other structures was accrued for a full year, and amounted to $5,640,423.

Maintenance of Equipment Expenses increased by $8,133,266. Locomotive repairs involved an expenditure of $12,608,896 and included the shopping of 703 engines for heavy repairs. The maintenance of freight train cars cost $11,750,766 and included heavy repairs to 24,857 cars. Cast steel truck frames were applied to 1,745 cars, replacing arch bar truck frames. Stabilized trucks were applied to 278 refrigerator cars. Passenger train car repairs cost $7,382,426, including the general overhauling of 1,243 units. To meet the heavy demands of travel 19 buffet parlor cars and 8 compartment observation cars were converted to first class coaches. The shopping programme was limited by the necessity of keeping a maximum of equipment in service and an amount of $2,700,000 was set aside, representing the difference between the actual expenditure and that which would have been made under similar traffic conditions in peacetime. Charges for depreciation amounted to $13,953,484 for rolling stock, $1,549,119 for shop and power plant machinery, and $126,080 for inland steamships. At the end of the year, 92.4% of locomotives and 97.6% of freight cars were in serviceable condition, compared with 93.2% and 97.7% respectively at the end of 1942.

Transportation Expenses increased by $12,733,268. The ratio to gross earnings was 32.18% compared with 32.27% in 1942 and for the fourth successive year constituted a new low record. Increased wage costs and higher prices for fuel and other supplies added to the expenses of train operation but these were wholly offset by the increased earnings per train mile. Slight variations in operating factors are shown by the following indices:

	1943	1942
Freight train load—gross tons	1,729	1,711
Freight car load—tons	33.7	31.9
Freight train fuel consumption—pounds per 1,000 gross ton miles	106	101
Freight train speed—miles per hour	15.9	16.7
Gross ton miles per freight train hour	27,435	28,514
Passenger miles per train mile	132	110

Tons carried one mile and passengers carried one mile increased 10% and 25% respectively but the additional business was handled with an increase of only 5% in train miles.

Other Working Expenses increased by $9,512,823. Railway tax accruals amounted to $31,548,645, an increase of $6,627,665, and included a provision of $27,750,000 for the estimated amount of Dominion Income and Excess Profits taxes, in respect of which the final liability has not yet been determined. Traffic expenses were decreased by $88,630. Expenses of dining and buffet service increased $615,635, and news service expenses were greater by $546,951.

Other Income

Other Income amounted to $16,270,751, an increase of $409,717, or 2.6%.

Dividend income increased by $31,964. Dividends received from The Consolidated Mining and Smelting Company of Canada, Limited, were again at the rate of $2.50 per share.

Net income from interest, exchange, separately operated properties and miscellaneous sources increased by $401,261. Improved economic conditions in Western Canada resulted in a significant increase in interest payments received by your Company on its land contracts. Interest income from the steamship replacement and maintenance funds was considerably larger, while the Exchange account showed a marked decrease, principally due to changes in the trend of interline traffic. The continued development of important war projects in Northwestern Canada brought increased earnings to the Northern Alberta Railways, from which your Company benefited.

Net earnings of ocean and coastal steamships were $2,133,530, a decrease of $754,748. There was a marked reduction in ocean earnings owing to higher costs and a smaller fleet, but this was partially offset by an increase of $1,242,888 in the net earnings of coastal steamships.

Net earnings of hotel, communication and miscellaneous properties increased by $731,240. All of your resort hotels were closed during the 1943 season, but new records of business volume, largely arising out of travel connected with the armed services and war industry, were established at many of your Company's large city hotels, and earnings showed an improvement of $503,336. Net earnings of the communications department increased by $260,533. The high level of general business activity was responsible for a considerable increase in ordinary commercial messages, and in addition new contracts were entered into for the lease of long distance telephone facilities. Postal Telegraph, Inc., your Company's principal connection in the United States, was merged with The Western Union Telegraph Company on October 8, and mutually satisfactory arrangements were completed for interchange of traffic with the new system. Net earnings of miscellaneous properties decreased $32,629. The provision for depreciation of hotel, communication and miscellaneous properties amounted to $2,651,357.

Fixed Charges and Guaranteed Interest

Fixed charges decreased by $1,159,667, principally as a result of the debt retirements made without refunding. Guaranteed interest on Soo Line Bonds decreased $35,189.

Dividends

Dividends amounting to $5,042,782, being at the rate of 4% on the non-cumulative Preference Stock, were declared out of the Net Income for the year.

A dividend of 2 per cent. on the Ordinary Stock, payable March 31, 1944, was also declared from the earnings of the year. This represents a disbursement of 50 cents a share, amounting to $6,700,000. Provision for the payment of this dividend is not reflected in the financial statements for 1943, as the declaration was made after the end of the year. The last previous year in respect of which dividends were declared on the Ordinary Stock was 1931, the final quarterly payment of 1¼% being made on April 1, 1932.

Profit and Loss Account

The major item in the charge of $3,460,902 for loss on lines abandoned and on property retired and not replaced pertains to the retirement of leased spur lines and trackage of the Columbia & Western Railway Company which formerly served certain mining properties in the Province of British Columbia.

A net charge of $3,350,905 to Profit and Loss resulted from an appropriation of $20,000,000 made for extraordinary post-war retirements of rolling stock and a credit transfer of $16,649,095 from steamship depreciation reserve. The appropriation to augment rolling stock depreciation reserve was made in anticipation of charges which will arise when it becomes possible to replace certain types of rolling stock by units incorporating the latest technological improvements. The transfer from steamship depreciation reserve was necessary to correct an unbalanced relationship between that reserve and steamship investment. This condition had developed through successive losses in the fleet, accompanied by credits to the reserve of the entire amount recovered in respect of basic values of steamships sold or lost, which under the British Government War Risk Re-insurance Scheme included a substantial element representing compensation for increased cost of tonnage replacement.

Land Accounts

During the year 135,352 acres of agricultural lands were sold for $702,470, an average price of $5.19 per acre. Included in this total were 224 acres of irrigated land, sold at an average price of $29.74 per acre.

Cash received on land account totalled $4,651,399, including $706,345 for rents and royalties from coal lands and gas and petroleum rights. The generally improved cash income position of Western farmers is reflected in increased land account receipts. Disbursements for land and irrigation expenses, including taxes, were $1,391,297, leaving net cash receipts of $3,260,102. This was an increase of $2,099,354 over the previous year.

The concessions granted in 1942 to land contract-holders were continued, with minor exceptions, throughout the 1943 crop year. The total amount of assistance to holders of farm contracts since 1932, when this policy was inaugurated, has been $21,311,811.

Balance Sheet

A reclassification of certain assets has been effected in order to group them more consistently in relation to the manner of reporting the earnings and expenses for the various properties. The investment in Hotel, Communication and Miscellaneous Properties has been segregated and shown under a separate caption. Investments in all controlled companies, other than in those leased railway companies which are comprised in the railway system from which your Company's gross earnings are derived, have been merged under a single caption "Stocks and Bonds — Controlled Companies." Investments in Jointly Controlled Railway Companies have been transferred to Miscellaneous Investments.

Finance

Serial Equipment obligations to the amount of $4,154,769 matured and were paid, and Consolidated Debenture Stock to the amount of $268,000 pledged under Series "D" was released and cancelled. On January 25, the balance of $3,085,385 due to the Dominion Government on the Equipment Lease dated December 15, 1937, was prepaid. Securities and cash on hand with the Trustee of the Equipment Trust maturing July 1, 1944, increased by $2,457,944, and in addition the Trustee, under authority of the Trust Agreement, purchased and cancelled $665,000 of the Equipment Trust Certificates.

On March 1, The Union Trust Company of Pittsburgh as Trustee entered into an agreement under which $18,000,000 principal amount of Equipment Trust Certificates was issued, guaranteed as to principal and interest by your Company. This issue, designated as Series "F", maturing in equal semi-annual instalments from October 1, 1943 to April 1, 1953, inclusive, is payable in currency of the United States of America and bears interest at 3% per annum. Under the arrangements for this issue, equipment which cost, at the time of construction, $26,000,904 in Canadian funds, is leased to your Company at a rental equal to the instalments of principal of and interest on the Equipment Trust Certificates.

The $10,500,000 3% Convertible Collateral Trust Bonds, maturing October 1, 1945, were called for redemption on April 1, and the $19,000,000 4½% Collateral Trust Gold Bonds maturing September 1, 1946, were called for redemption on September 1. The funds to meet these two issues were deposited with the respective Trustees. During the year $120,500 principal amount of matured but unredeemed Collateral Trust Bonds was paid, and the amount remaining unpaid on an aggregate principal amount of $1,100,500 of such issues has been deposited with the respective Trustees and eliminated from current liabilities. In addition the following securities were purchased and cancelled—3½% Convertible Collateral Trust Bonds due 1951 to the amount of $2,000,000 and 5% Collateral Trust Gold Bonds due 1954 to the amount of $600,000. Consolidated Debenture Stock to the amount of $41,183,200, pledged as collateral to the issues of Collateral Trust Bonds of which the above mentioned bonds formed part, was released and cancelled.

On February 1, 4% Serial Secured Notes to the amount of $350,000 and 3% Serial Secured Notes to the amount of $287,400 were redeemed, and Consolidated Debenture Stock to the amount of $1,092,000 was released and cancelled. On March 10, $3,750,000 principal amount of 4% Notes was refunded by the issue of notes to the same amount, at the reduced rate of 3%, such notes being secured in the same manner and maturing on the same dates as the notes retired. In connection with this refunding Consolidated Debenture Stock to the amount of $700,000 was released and cancelled.

On December 1, 3½% Serial Secured Notes due December 1, 1945, to the amount of $2,000,000 were prepaid. On such prepayment Consolidated Debenture Stock to the amount of $1,200,000 was released and cancelled, and 60,000 shares of capital stock of The Consolidated Mining and Smelting Company of Canada, Limited were released.

During the year, $156,200 principal amount of matured but unredeemed 4½% Sinking Fund Note Certificates were paid. Provision was made to meet the unpaid balance of this issue aggregating in principal amount $503,700 with a corresponding reduction in current liabilities.

On October 22, the 5% First Mortgage Debenture Bonds of the Lacombe and North Western Railway Company amounting to $273,700 matured and were paid.

The financial transactions referred to above resulted in the net retirement of $28,981,398 of bonds, notes and other obligations, the discharge of a contingent liability of $273,700, a reduction of $44,443,200 in the amount of Consolidated Debenture Stock pledged as collateral, and the return to the Company of the balance of the pledged capital stock of The Consolidated Mining and Smelting Company of Canada, Limited.

Pensions

Charges to working expenses for your Company's proportion of pension allowances, its contribution to the Pension Trust Fund and levies in respect of employees who come under the United States Railroad Retirement Act amounted to $4,592,683. In view of the further rise in the level of employment and increased rates of pay, your Directors authorized an increase from $700,000 to $1,000,000 in the special contribution made annually to the Pension Trust Fund to assist in meeting the anticipated peak period of cost under the pension plan.

The number of employees pensioned during the year was 776. After allowing for deductions owing to death and discontinuance from other causes, the total number on the pension payroll at the end of the year was greater by 412 than at the end of 1942.

Distribution by ages was as follows:

Under 60 years of age	317
From 60 to 64 years of age, inclusive	652
From 65 to 70 years of age, inclusive	2,440
Over 70 years of age	1,805
	5,214

Wage Negotiations

The representatives of all classes of employees affiliated wtih international organizations presented to the Canadian railway companies a request for increases in basic rates of pay sufficient to establish the same, or substantially the same, rates of pay as those paid like classes of employees of United States railways. The companies replied that they were not prepared to enter upon negotiations on the basis of this request, it being their view that it disregarded the wartime wage policy of the Government. On September 15, the employees applied to the National War Labour Board for an order directing the railways to grant the increases, and later filed a brief in support of the application. A reply to the employees' brief is in the course of preparation.

Canadian Pacific Air Lines, Limited

During the year further steps were taken by your subsidiary company, Canadian Pacific Air Lines, Limited, in the development of a coordinated air transportation system. For the movement of essential personnel and cargo carried in connection with vital continental defence establishments in Northwestern and Northeastern Canada, additional modern aircraft were allocated to your Air Lines. To provide for the traffic referred to, extensive new radio communication installations were also required, as well as additions to ground equipment, shops and airport facilities. To finance these capital expenditures your Company advanced an amount of $2,027,000 during the year.

Transport planes of your Air Lines were flown 6,133,751 miles in revenue service during 1943, an increase of 17% over the previous year. Passenger miles totalled 24,031,000, an increase of 82%; mail pound miles were 926,994,000, an increase of 91%; and freight pound miles were 1,825,774,000, an increase of 18%.

That part of the activities of the British Commonwealth Air Training Plan involving your Air Observer Schools and Overhaul Plants was considerably expanded during the year. Aircraft operated by the personnel of your Air Observer and Elementary Training Schools flew over 57,000,000 miles. At the end of the year your Air Lines, including the Training Schools and the Overhaul Plants, had approximately 9,500 employees.

While there was a substantial increase in the volume of traffic handled as compared with the previous year, expenses increased in greater degree, owing largely to the cost of operating and maintaining aircraft under existing wartime conditions. In addition, the cost of pilot training was heavy, and there were non-recurring charges for reorganization and development. The operations for the year resulted in a moderate loss, which, however, was not unreasonable in all the circumstances. Provision for the accumulated loss to the end of the year, amounting to $236,573, was made by a charge to Other Income.

Detailed study has been made of the possibilities of further development of your Company's air activities, and a number of new routes and extensions of existing routes in the international as well as the domestic field will be proceeded with whenever this is permitted by Government policy.

The interim policy announced by the Government would exclude private operators from the field of international operation, while in the United States many applications by competing air lines for licenses to operate between points in the United States and points in Canada are being pressed for hearing before the Civil Aeronautics Board.

Your Directors feel that, if Canada is to occupy the place in air transportation which its geographical situation and the abilities and experience of its citizens in this field justify, there is urgent need of an air policy which will afford Canadian industry an opportunity equal to that enjoyed by the citizens of other countries.

Minneapolis, St. Paul & Sault Ste. Marie Railway Company

Net earnings of this Company were $5,141,093, or $1,156,659 greater than in 1942. Gross earnings amounted to $26,585,111, an increase of $3,954,269. The increase in earnings resulted primarily from business connected with the war. Working expenses for the first time included charges for depreciation of road property, amounting to $484,977, which were made in conformity with a general order of the Interstate Commerce Commission, effective January 1, 1943. The year's expenses also included provision for the back pay, and taxes thereon, of non-operating employees covered by the wage agreements reached on January 17, 1944, and made retroactive to February 1, 1943.

The plan of reorganization which had been accepted almost unanimously by the security holders voting thereon, was confirmed by the District Court of the United States in and for the District of Minnesota, Fourth Division, on June 18, 1943. In accordance with the provisions of the plan three reorganization managers were designated to put it into effect and carry it out under the supervision and control of the Court and subject to any requisite approval of the Interstate Commerce Commission. One of the reorganization managers was designated by your Company.

Preparatory steps in connection with the issue of the new securities are now being taken, and it is expected that they will be available in the near future.

The Duluth, South Shore and Atlantic Railway Company

Net earnings of this Company were $1,000,744, compared with $946,969 in 1942. Gross earnings were $4,300,194, an increase of $156,318. Passenger and express traffic both exceeded 1942 levels, but freight traffic declined slightly, owing to less ore being handled.

The District Court of the United States in and for the District of Minnesota, Fourth Division, delivered judgment in favour of your Company on December 27, 1943, in the action instituted by Hugh W. McCulloch and other bond holders to which reference was made in the Annual Report for the year 1940. The plaintiffs have ninety days in which to appeal against this judgment. The time within which a plan of reorganization of the South Shore shall be filed has been extended to June 1, 1944.

Rates and Services

The record volume of traffic moving necessitated the imposition of further limitations on passenger service by the Transport Controller. Parlor car service was suspended between the cities of Ottawa, Montreal and Toronto, and restrictions were placed on the number of sleeping cars and the number of extra passenger trains and of extra sections of regular passenger trains which could be operated. Effective April 15, he also directed Canadian railways to cease selling reduced fares for public holidays and for week-end travel. An order curtailing train service to summer resorts was followed shortly afterwards by the suspension of all tourist excursion fares.

In the interest of greater utilization of freight cars and other transportation facilities and of expediting the movement of freight traffic, the Transport Controller also issued orders requiring the loading of freight cars to their maximum capacity and prescribing minimum weight loads for specific commodities.

In conformity with the regulations of the Wartime Prices and Trade Board, freight rates on Canadian traffic remained at the level in effect in the base period in 1941. An annual loss of approximately $2,000,000 in revenue on international traffic will be sustained by your Company as a result of the suspension from May 15, 1943, by the Interstate Commerce Commission, of the general freight rate increase which had been granted to United States carriers in 1942.

New rolling stock placed in service during the year included 5 Pacific type and 20 Mikado type locomotives; 5 Diesel switching locomotives; 1,400 box and 500 70-ton gondola cars; and 50 cabooses.

To provide for the greatly increased patronage of Windsor Station in Montreal, a number of improvements to accommodate and serve the travelling public have been completed. The station coffee shop has been remodelled and its capacity doubled, a public announcement system has been installed, and the main entrance to the station has been structurally altered to improve its appearance and to increase the accessibility of the concourse to travellers.

The installation of the automatic block signal system between Chapleau and Schreiber, designed to expedite traffic on the Algoma District, was nearing completion by the end of the year. This improvement will not only increase the capacity of this line, but will give greater safety and dispatch in operation.

Wartime Activities

The transportation needs of the Dominion continued to expand in 1943 owing to the increase in production of munitions of war and the intensification of hostilities abroad. Your Directors report with satisfaction that in no instance did traffic congestion develop or failures occur in supplying essential transportation. The record of the year's activities again demonstrates that efficient rail transportation is a vital force in the prosecution of the war.

The labour turnover was more than three times the normal rate, and operating difficulties were for this reason accentuated. The training of inexperienced employees has presented a serious problem to your officers and senior employees. Patrons of your Company have helped greatly by accepting the unavoidable inconveniences which attended the movement of passenger and freight traffic during the year.

Railway facilities were extended to meet the demands of expanded production. During the year 34 miles of industrial tracks were provided to serve 104 new plants throughout the Dominion.

The Valentine tank project, which was begun at your Company's Angus Shops in 1940, was completed during the year. A total of 1,420 tanks, including large quantities of spare parts required for battle damage repairs

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and ordinary maintenance requirements, were produced at a cost which compares most favourably with results achieved by other contractors. Shop facilities released from tank production are now being used for the production of main marine engines and condensers for frigates and corvettes along with many other important items for the Navy.

Naval guns and mountings of various types continued to be produced in quantity at the Ogden Shops in Calgary, involving the full use of the former locomotive erecting shop at that point.

The inspection of locomotives and rolling stock, which are being manufactured in Canada for the Indian State and the Jamaica Government Railways, was undertaken by your Company. In addition to specifying materials and approving workmanship, the contract with the Indian State Railways calls for supervision of re-erection of the locomotives when they reach the Far East.

The organization and experience of your purchasing department has been at the disposal of the Department of Munitions and Supply and the Navy, Army & Air Force Institutes since the outbreak of the war.

Four members of the staff of your Air Lines were awarded the Air Medal of the United States of America for meritorious service in the search for, and rescue of, army personnel from a stranded transport plane.

Your ocean steamships and part of your coastal fleet were operated throughout the year under the Ministry of War Transport of the United Kingdom. Some 53 honours have been won by officers and men of your fleet in various parts of the world. The exploits for which these awards have been made reveal the leadership and resourcefulness of the men serving in your ships.

Patriotic appeals and campaigns have evoked enthusiastic response from officers and employees. In the five Canadian Victory Loans, your Company and its employees have subscribed a total of $90,756,850. Of this amount $67,142,000 has been taken by your Company and by its Pension Fund and the Pension Fund of the Canadian Pacific Express Company. An average of 31,382 officers and employees were purchasers of War Savings Certificates throughout the year under the payroll deduction plan.

Quebec Conference

Your Company had the privilege of setting aside the Chateau Frontenac for the accommodation of more than seven hundred persons engaged in connection with the Conference of the leaders of the United Nations which took place in Quebec in August. A number of special trains were operated to provide transportation for the distinguished delegates and their staffs. The exceptional suitability of this famous hotel for the purpose, and the well co-ordinated services of your Company, including rail, communications, air transport and express, contributed greatly to the success of the Conference. Appreciation for your Company's part in the arrangements of the meeting has been expressed by Conference principals, as well as by Government officials of the countries concerned.

It was fitting that such a rare distinction should have fallen to the Chateau Frontenac in the year which marked the fiftieth anniversary of its opening in 1893. In recognition of this unique event in its history, an etching of the Chateau appears on the front cover of the Report.

Reconstruction and Re-establishment

A good deal of attention is now being directed to post-war economic plans. The great extent of the unused natural resources, and the opportunity for a considerable increase in population to benefit by them, combine to give ground for the assumption that it is possible to plan for an expanding economy in Canada. The study of post-war activities by your Company was assigned to a committee of senior officers, and an interim report was prepared which by request was presented during the year to the Special Committee of the House of Commons on Reconstruction and Re-establishment.

Your Company expects to play its full part in the post-war internal and external commerce of Canada, and the instructions to the committee of officers were to prepare plans and schedules of improvements to your property to place it in a position to participate fully in that period of active employment and business expansion which may reasonably be anticipated to follow upon the termination of hostilities. The studies are, of course, concerned solely with such improvements or extensions as are considered prudent investments.

Your Directors believe that it will be wise to plan for a programme of five to ten years which would, in addition to its direct benefit to the earning power of your property, act as a valuable stimulus to employment and business activity in the country.

Capital Expenditures

In accordance with licences granted by His Majesty's Government in the United Kingdom, measures have been taken looking toward the replacement of some of the Beaver class freight vessels lost by enemy action during the war, and for this purpose, in anticipation of your confirmation, your Directors authorized an appropriation of $11,409,900. Other capital appropriations for the year 1943 which were approved by your Directors, subject to your confirmation, totalled $4,371,388, of which $2,967,094 was for the purchase of 650 50-ton wood-lined box cars.

Your approval will also be requested for capital appropriations of $24,478,980 for the present year. The principal items are as follows:

Replacement and enlargement of structures in permanent form	$290,430
Additions and betterments to stations, freight sheds, coaling and watering facilities and engine houses	2,356,437
Tie plates, rail anchors and miscellaneous roadway betterments	1,186,540
Replacement of rail in main and branch line tracks with heavier section	999,418
Installation of automatic signals	726,582
Additional terminal and side track accommodation	337,571
Additions and betterments to shop machinery	692,577
New rolling stock	16,800,239
Additions and betterments to rolling stock	545,008
Additions and betterments to communication facilities	486,927

The appropriation for new rolling stock makes provision for 25 Pacific and 10 Mikado type road locomotives, 10 Diesel switching locomotives, 2,190 freight car units and 3 work units.

Branch Lines

In order further to serve the fruit-growing district in Southern British Columbia it is proposed to seek the authority of Parliament to extend the line of the Kettle Valley Railway Company, which is leased to your Company, from Haynes to Osoyoos, a distance of approximately 10 miles, and to issue securities not exceeding $50,000 per mile in respect of this extension.

Revision of Traffic By-Laws

In view of amendments to the Railway Act and changes in traffic conditions, it was deemed advisable that the Traffic By-Laws of your Company should be revised and your Directors have approved certain appropriate changes therein, involving the repeal of By-Laws Nos. 64, 76, 84, 89 and 94 and the enactment in lieu thereof of By-Law No. 99 containing Traffic Rules and Regulations of your Company, which will be submitted for your approval and confirmation.

Stock Holdings

The holdings of the Capital Stock of your Company at December 31 were as follows:

	ORDINARY		PREFERENCE		TOTAL
	No. of Holdings	Percentage of Stock	No. of Holdings	Percentage of Stock	Percentage of Stock
Canada	25,796	19.12	163	.61	13.64
United Kingdom and other British	16,067	53.42	26,487	96.35	66.14
United States	13,180	21.23	75	.33	15.04
Other Countries	3,442	6.23	581	2.71	5.18
	58,485		27,306		

Changes in Directorate

It is with deep regret that your Directors record the loss by death during the year of two members of the Board, Sir Edward Wentworth Beatty, G.B.E., of Montreal, Chairman of the Company, in March, and the Rt. Hon. Reginald McKenna, P.C., of London, in September.

Fitting tributes were paid to the outstanding services rendered by Sir Edward to your Company and to the Dominion of Canada, in a resolution passed by the Directors at their meeting held in April, 1943, and also by the President and the Shareholders as incorporated in the Report of Proceedings of the Annual General Meeting held at Montreal in the following month.

The Rt. Hon. Reginald McKenna, P.C., was appointed a Director in 1926. During his association as a member of the Board resident in London, Mr. McKenna gave counsel and rendered service of the highest value to your Company and to the Dominion of Canada. He occupied a distinguished position in public affairs, and he will be regarded as a great Imperial statesman who showed the noblest qualities of leadership when the safety and freedom of all men were in dire peril.

Mr. George W. Spinney, C.M.G., was appointed a Director and Mr. Aimé Geoffrion, K.C., was appointed a member of the Executive Committee to fill the vacancies caused by the death of Sir Edward Wentworth Beatty.

Retiring Directors

The undermentioned Directors will retire from office at the approaching annual meeting. They are eligible for re-election:

Mr. D. C. Coleman
Hon. Charles A. Dunning, P.C.
Mr. John W. Hobbs
Mr. R. S. McLaughlin
Sir Edward R. Peacock, G.C.V.O.

Officers and Employees

The officers and employees of your Company in all branches of its service have evinced their keen appreciation of the vital importance of transportation to the war effort of the United Nations, and your Directors gratefully acknowledge the competence and fidelity with which they have met the heavy demands of the past year. The repatriation, during the year, of several of your employees who had been interned in the Far East afforded great satisfaction. Anxiety is felt for those who still remain in enemy hands.

Your Directors report with pride that, up to the end of the year, 17,067 employees of your Company were on active service with the armed forces of the United Nations. It is a matter of deep regret that 377 of these employees have lost their lives in the common cause.

For the Directors,
D. C. COLEMAN,
President.

Montreal, March 13, 1944.

Canadian Pacific Railway Company

General Balance Sheet December 31, 1943

Assets—		
Property Investment:		
Railway, Rolling Stock and Inland Steamships	$810,442,460	
Improvements on Leased Property	96,813,831	
Stocks and Bonds—Leased Railway Companies	129,693,871	
Ocean and Coastal Steamships	36,971,006	
Hotel, Communication and Miscellaneous Properties	101,872,734	
		$1,175,793,902
Other Investments:		
Stocks and Bonds—Controlled Companies	$ 65,402,759	
Miscellaneous Investments	33,949,193	
Advances to Controlled and Other Companies	32,142,105	
Mortgages Collectible and Advances to Settlers	2,290,803	
Deferred Payments on Lands and Townsites	26,659,459	
Unsold Lands and Other Properties	20,553,229	
Maintenance Fund	13,450,000	
Insurance Fund	10,387,121	
Steamship Replacement Fund	47,879,560	
		252,714,229
Current Assets:		
Material and Supplies	$ 30,079,986	
Agents' and Conductors' Balances	14,096,152	
Miscellaneous Accounts Receivable	19,815,732	
Dominion of Canada Securities	17,021,872	
Cash	43,525,516	
		124,539,258
Unadjusted Debits:		
Insurance Prepaid	$ 216,051	
Unamortized Discount on Bonds	1,110,811	
Other Unadjusted Debits	2,906,234	
		4,233,096
		$1,557,280,485
Liabilities—		
Capital Stock:		
Ordinary Stock	$335,000,000	
Preference Stock—4% Non-cumulative	137,256,921	
		$ 472,256,921
Perpetual 4% Consolidated Debenture Stock	$397,826,229	
Less: Pledged as collateral to bonds, notes and equipment obligations	102,388,000	
		295,438,229
Funded Debt	$133,313,600	
Less: Securities and cash deposited with Trustee of 5% Equipment Trust	17,395,856	
		115,917,744
Current Liabilities:		
Pay Rolls	$ 4,771,158	
Audited Vouchers	10,450,212	
Net Traffic Balances	4,237,461	
Miscellaneous Accounts Payable	3,398,302	
Accrued Fixed Charges and Guaranteed Interest	1,629,973	
Unmatured Dividend Declared	2,521,391	
Other Current Liabilities	21,050,660	
		48,059,157
Deferred Liabilities:		
Dominion Government Unemployment Relief	$ 2,447,223	
Miscellaneous	3,648,720	
		6,095,943
Reserves and Unadjusted Credits:		
Maintenance Reserves	$ 13,450,000	
Depreciation Reserves—Road	83,630,820	
—Rolling Stock	115,859,100	
—Steamship	26,856,648	
—Hotel and Other	12,888,176	
Investment Reserves	17,648,413	
Insurance Reserve	10,387,121	
Contingent Reserves	5,105,446	
Unadjusted Credits	5,353,560	
		291,179,284
Premium on Capital and Debenture Stock		34,565,952
Land Surplus		62,533,037
Profit and Loss Balance		231,234,218
		$1,557,280,485

ERIC A. LESLIE,
Vice-President and Comptroller.

To the Shareholders,
Canadian Pacific Railway Company:

We have examined the Books and Records of the Canadian Pacific Railway Company for the year ending December 31, 1943, and having compared the Balance Sheet and related schedules therewith, we certify that in our opinion it is properly drawn up so as to show the true financial position of the Company at that date, and that the Income and Profit & Loss Accounts correctly set forth the result of the year's operations.

The records of the securities owned by the Company at December 31, 1943, have been verified by an examination of those securities in the custody of its Treasurer and by certificates received from such depositaries as are holding securities for safe custody for the Company.

PRICE, WATERHOUSE & CO.
Chartered Accountants.

Montreal, March 10, 1944.

Gold Stocks

(Continued from page 1298)

reduce risks I cannot help believing that no investment account should contain gold mining stocks at this time. This, however, does not exclude the interesting speculation that may be existent in some gold mine which can turn out gold at a very low cost. It applies to the high-cost mines and those which discount future rise in price of gold.

On the favorable side for gold stocks is the first and most commonly quoted point, the traditional history of gold with its impregnable position as the best monetary basis. Gold was always gold and it always will be. The most durable, acceptable, and compact wealth that the world has known. Therefore it is stated that we can expect it to continue to be so.

The second favorable point is that the most powerful countries, Britain, Russia, and the United States have such a large stake in the existing gold and its future output that it is inevitable that they will see to it that it continues as the monetary basis. In other words, the "vested interests" are strong enough to impose their selfish wishes on the world.

On the basis of these two factors the optimism of the speculator points to the fact that "the price of gold always moved upwards" — a false premise — and with his appetite sharpened by the devaluation of 1934 he already discounts further rises in the price of gold.

Let us examine these arguments and see how valid they are. In the first place we admit that gold was the safest value since the beginning of civilization. We also accept the fact that gold performed an economic function, but this performance is not an inherent quality of gold. It was created by circumstances and may be obviated by them too. Gold served as a means of facilitating and simplifying barter, as a common denominator of value, and as a store of purchasing power. These functions were performed also by a great number of other materials, silver, copper, wampum beads, shells, etc., etc. They all served at some time in the same manner but none of them for as long or as well as gold.

Looking at all these different moneys we find that what made them suitable for performing the function were certain common attributes, that is, uniform quality and, the most important, their rarity and the difficulty of obtaining them. As soon as they became common, they ceased to be serviceable as money. The following story from "The New Yorker" illustrates the point:

"The Yap natives once used stone discs for money, quarrying it hundreds of miles away in the Palau Islands and bringing it back by canoe. The distance kept money scarce, and a disc only three fingers in diameter would buy a pig, until an Occidental opportunist named O'Keefe arrived with a whole schoonerful of stone money and bought everything on the island. Since then the people of Yap have just sat around—haven't even had the spirit to get dressed and go down to Wall Street."

So we see what happens when money becomes plentiful. What is the position of gold in that respect? Until relatively recent times mining and refining methods were so difficult and costly that new output was relatively small. Now, however, due to exploration and improvement in mining methods, the volume has been tremendously stepped up. Some simple figures on world production support that.

Period	Ozs.
1800-1850	2,000,000
1851-1900	35,500,000
1901-1910	182,600,000
1911-1920	205,800,000
1921-1930	185,400,000
1931-1940	317,500,000

In 1938 alone when the output was 38,030,000 ozs., it exceeded that of the entire 19th Century. The result of this was that 15 major world countries which held roughly 100,000,000 ozs. of gold in their central banks in 1900, by 1920 held 350,000,000, and by 1938 52 countries held a total of 730,000,000 ozs.

While in the past the metal was rare and hard to get, now we accumulate it at an annual rate which may be not far from 10% of the total accumulated through history up to 1900, assuming that central banks held ¼ of the metal in existence, and this rate of output was still rising when war started. So the parallel with the stone money on the Carolines and gold is not as far-fetched as it might seem.

Apart from this factor of amount of gold on hand there was also the element of improvement in the method of its use. Very early in history it was learned that hard money can be substituted by tokens and by paper promises to pay, which greatly reduced the need for coin. Subsequently the improvement in credit and banking eliminated even that, so that the preponderant part of world trade is now done by bookkeeping, its increase following in direct proportion the development of civilization.

How efficient these methods were is illustrated by the fact that the Bank of England in its heyday when it was the center of the world's trade used not more than $250,000,000 of gold as its collateral. Year-end figures for the period 1894-1913 showed a maximum balance of £42,000,000 or about $250,000,000.

So even prior to the last war we learned to operate with a negligible amount of metal on hand. Subsequently another function of gold, that of determining values of currencies, was effectively replaced. In the post-war disarrangement of currencies, all of them gradually tended to become managed by government fiat and bookkeeping control, so that by 1938 no country was on a pure gold standard, excepting Albania. In this country we arbitrarily devalued the dollar in order to raise business activity on the textbook theory based on the principle that the price of gold determines values and amount of credit, therefore trade. Nothing happened in trade except that gold mines were given a 75% bonus. In other words, we did not devaluate the dollar, since its purchasing power remained unchanged, but we raised the price of gold. So everybody, particularly Russia, increased gold output to get more dollars to buy more American goods. One result was a tremendous increase in gold output which about doubled from 1933 to 1939, and all of it was being shipped here in exchange for goods, clearly indicating the excessiveness of our price simply on the basis of supply and demand factors. We got a tremendous quantity of it, all of which under no circumstances can be of use as a monetary basis. The high price also reduced the flow of metal to industrial consumption. In fact, the trend was reversed. We all know of the "old gold" buyers of the past ten years. And even India, the traditional absorber of gold, in some recent years was exporter on balance. In 1935-44 U. S. absorbed 60% more gold metal than was produced throughout the world.

At the same time large economic units such as Germany and Russia learned to run a domestic economy entirely without gold coin. They had managed currency which allowed both of them a tighter control of their internal business, purchasing power, and even international trade, than under the semi-automatic gold standard methods. So in addition to other adverse factors it has been clearly demonstrated that an economy both domestically and in foreign trade can be run without gold.

All of this was reviewed in order to drive home the points that:

1. We now have more gold than we need for monetary purposes.
2. We are producing more of it at a fast pace, likely to be increased further, even on the present prices.
3. The price is higher than the "use value."
4. We have learned that our domestic banking and international trade can be run on managed currency so that our gold needs are smaller and decreasing.

How well recognized the problem is, is indicated in the quotation from the testimony of Mr. Marriner Eccles, Chairman of the Federal Reserve Board, before the House Banking Committee:

Mr. Eccles: "I do deny that the amount of the gold reserve, or the gold requirements have anything to do with the price level, which means they have nothing to do with the value of currency."

Mr. Smith: "Aren't you, in effect, saying there is no relation whatever of gold in this country to our currency?"

Mr. Eccles: "That is right."

Mr. Smith: "There is no relation whatever?"

Mr. Eccles: "That is right."

Mr. Smith: "You then take the attitude we are completely off the gold standard?"

Mr. Eccles: "Yes, completely."

Mr. Smith: "I am rather astonished. It makes no difference then whether we have an ounce of gold or whether we have 700,000,000 ounces?"

Mr. Eccles: "It has made no difference to Russia for 20 years; no difference to Germany for a long while. Most of the countries of Europe had to give up the idea of the gold reserve. Their currencies have gone into managed currencies . . . the Russians have mined gold as a commodity to sell to the democracies and get foods that they wanted to get and they haven't looked upon gold as a necessary item to support their currency."

In other words, gold is good for teeth and for selling to Mr. Morgenthau at the arbitrarily inflated figure of $35 an ounce, not much otherwise. Mr. Morgenthau is sitting on the world's largest amassed pile of it, and there is nothing he can do with it, except to increase the problem by buying some more from Britain or Russia, which means giving away public money for gold.

Against these facts there are serious professors and publications who propose a further increase in the gold price. The results would be further aggravation of the problem rather than a solution of it. In support of their contention they quote the fact that in the free gold markets of Lisbon, Cairo, India, and China the price of gold is many times the official U. S. price. They ignore the fact that their measuring rod is a fictitious one. We know that, for instance, a meal in Chungking at the official rate of exchange costs some fabulous sum of dollars, so that obviously it means nothing to translate the same currency in terms of gold. Also the fact that disarrangement of world credit created distrust and a desire for tangible wealth plays its part.

Another point mentioned as an indication of the strengthening of the gold picture is the fact that the U. S. after years of accumulation has lost some $700,000,000 of gold in the past year to the neutrals. The reason for that is that for the first time since 1888 we have an unfavorable trade balance in the sense that we are exporting on lend-lease a large amount without receiving payment. No wonder certain neutrals are building up cash and gold balances in this country.

But returning to the original two points in favor of gold, the fact still remains that we should not and probably will not go entirely off the gold standard. We can be sure that the U. S. will do its best to impose some way whereby our hoard will be of some use. Unfortunately our bargaining position is not good, because most foreign countries have also learned to get along without gold so they can take it or leave it. They will take it only at a price.

Consequently, while the long-range future of gold is not exciting, there are certain practical considerations which have direct bearing on investments. We should not forget that monetary silver has been passe these 40 years but still silver mines have been making money. In fact it may be a good parallel. The same illogical way our silver policy was handled will probably be followed in the case of gold.

Specifically, as the White Paper implies, there will be a distinction made between gold in existence and that still to be mined. We may have an international monetary price of gold of so much, and a different price for that newly mined. In this country it probably would be much lower because we do not need more gold. In some foreign countries it may be even higher. Another possible means of curtailing production may be some kind of quotas for new metal. Anyhow it is evident that in this country we must discourage new gold production in order not to endanger and aggravate the problem of our existing stores of metal.

When the war ends we shall find ourselves in possession of a lot of goods that the world will need urgently, but we know that other countries have no gold or other wherewithal to buy these goods, so some way must be found to facilitate the trade, probably by credit through a central bank. Incidentally it is almost a foregone conclusion that international trade in the future will be government regulated even in the U. S., which will mean trade by bookkeeping entries rather than by exchange of money.

In what way could the U. S. enhance the process of trade? There is one obvious way, which is devaluation of the dollar in terms of foreign money values. We shall probably strive to make it easy for the others to get our dollars so that they can buy more of our goods and gold. The latter is particularly important. In order to get rid of gold we shall have to make it cheap in terms of francs, kronas, etc. This would mean lowering of the dollar value of gold in their terms. This process has already started by our deliberate setting of high exchange ratios with francs, for instance, which permits the French to buy more dollars for fewer francs.

The result of this is that in the future the American tourist and importer will be at a disadvantage rather than advantage as in the past. Already in Germany and Russia, for instance, it costs more to live than in the U. S. in terms of dollars. Similarly American labor will proportionately get less so that "cheap foreign labor" will become high priced and, as a consequence, the tariff wall would be automatically higher, further endangering gold trade.

If this line of reasoning is generally correct, what is the practical effect of all this on the investor?

1. It is obvious that all talk of higher prices for gold is a bit far-fetched and optimistic.
2. Domestic mines are likely to be put on production quotas and may receive less for their new metal.
3. Foreign mines will fare differently, probably better, particularly in countries with small output.

Looking in that light at some outstanding gold stocks it would appear that they are more than amply priced. The foregoing probabilities, while not certainties, are reasonable risks that must be given consideration in any appraisal of gold securities making them unattractive holdings.

Oklahoma Pfd. Offered By Banking Group

A banking group headed by Stone & Webster and Blodget, Incorporated, is offering today 180,000 shares of Oklahoma Natural Gas Company cumulative preferred stock, series A 4¾%, $50 par, at $52 per share and accrued dividends from Feb. 15, 1944.

Net proceeds from the sale of the preferred stock, together with not more than $6,500,000 to be obtained through a new bank loan and proceeds from the sale of $18,000,000 first mortgage bonds, will be applied by the company toward the redemption of substantially all its present funded debt, and all its currently outstanding preferred stock. The company plans to redeem: $16,500,000 of first mortgage series B 3¾% bonds; $3,678,000 of first mortgage series C 3% bonds; 58,000 shares of $5.50 convertible prior preferred stock; 91,055 shares of $3 preferred stock; and to pay the principal amount of a $3,500,000 bank loan maturing serially to Oct. 1, 1946.

Upon completion of the present financing, the capitalization of Oklahoma Natural Gas Company will consist of: $18,000,000 first mortgage bonds; a $6,500,000 bank loan at 2⅜%, maturing serially April 1, 1945, through April 1, 1950, subject to reduction depending on the amount of prior preferred stock converted into common stock; $80,000 of property purchase obligations; $9,000,000 of series A preferred stock; and $8,250,000 of $15 par value common stock, disregarding possible conversions.

The new preferred, which carries voting rights, is subject to redemption at $55 per share before Feb. 1, 1949; at $54 if redeemed on or after Feb. 1, 1949, and before Feb. 1, 1954; and at $53 if redeemed on or after Feb. 1, 1954, together with all dividends accrued or in arrears.

Revitalized Rails Enter New Phase, Survey Shows

In a new booklet dealing with the investment merits of selected railroad bonds, Halsey, Stuart & Co., Inc., 201 South La Salle Street, Chicago, Ill., express the opinion that "Today's railroads are a revitalized and, to a large extent, a reorganized industry both from the standpoint of operations and financial structure. The industry is one for which the public has new respect and appreciation growing out of its courageous pre-war accomplishments and its amazing wartime record of achievement. Instead of being a declining industry it appears to be entering a new phase of development which, if not as expansive and dynamic as in its earlier phases, promises to be at least more stabilized and certainly no less necessary to the growth and well being of the nation." The booklet, a copy of which may be obtained from Halsey, Stuart & Co., upon request, surveys the railroad situation at various stages — pre-war, wartime and current—also discusses their post-war outlook. It concludes by outlining recommended standards for investment selection in the railroad field.

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Tomorrow's Markets Walter Whyte Says—

Near-term rally possibilities still present in market—Long-pull outlook, however, is becoming increasingly drab.

By WALTER WHYTE

Nothing has happened since the previous column was written to change the belief that a broad top is in the making so far as long-pull potentialities are concerned. At the same time the possibility of a sudden intermediate rally does not detract from the longer-term picture. The question is, should one dispose of long-term holdings in anticipation of the anticipated storms or buy a couple of stocks in order to be aboard the potential rally. Both methods have their points.

* * *

To get out of all long-term stuff without regard to market action, based on present indications, is not wise. To give a blanket opinion one would have to be in possession of more information. Securities are bought for various reasons. Yield is one, safety is another. Knowledge of some event within the company that would make the specific issue sell higher in the future is still another. Yet all the reasons can be disregarded in favor of the objective. It is assumed that long-pull buying is undertaken for one thing—profits. I know a great many people will insist that profits are not the motive, that yield is the primary objective. Yet a handsome yield must take second place if the price of the security declines. On one thing, however, everybody can agree, safety. But to seek safety in the stock marekt is to seek the will o' the wisp. For if you finally attain safety you've lost profit potentials and probably yield as well.

* * *

In my own experience I've found that four times a year all long-pull stuff should be sold and then re-analyzed. If the same factors which guided the buying in the first place still obtain, then the securities can be bought back. Of course, the tax situation, not to mention brokerage fees, will have to be taken into consideration. But those questions everyone must solve for himself. No generalized opinion can apply personally.

* * *

The reason for such quarterly liquidation is found in the fact that few of us can view impartially anything we have an interest in. The holder of, say Steel, can see nothing but good for it. But let him sell the stock and his opinion will change. If it doesn't, then the stock is still a buy.

* * *

So much for the long-pull stuff. Now how can the theory be applied to shorter-run indications?

* * *

First, a closer study of daily market fluctuations must be made. I try to do this by giving you the results rather than the method used. If, for example, I think a stock is going higher, I advise its purchase but at the same time I limit its purchase to a specific level or range and attempt to protect this buying by a stop. There are times when I have been overcautious. If so, it is because a weekly column has to anticipate many things that a daily follower of the tape can act upon almost immediately.

* * *

Last week, for example, the signals for a downturn were beginning to show themselves. Yet I could see that the buying public with a whetted appetite could change what looked like a down market to an up market. But no public, members of it each working independently, can control a trend. So I concluded that from the highs of last week a reaction would occur from which a rally would follow. Following this reasoning, I recommended a list of stocks I thought would make money if bought at specific levels. These were American Car & Foundry, 36, stop 35; American Locomotive, 16, stop 15; Bendix, 35, stop 34; J. I. Case, 36, stop 34; Electric Auto-Lite, 38, stop 37; National Lead, 20, stop 19; United Aircraft, 28, stop 27; U. S. Steel, 50, stop 49; and Youngstown Sheet & Tube, 37, stop 35. Of this list, the last, YB, came in at 36. The rest are still some points away. There is another stock which looks like something—Servel. Buy it at 18 with a stop at 16½.

* * *

If any more of the above come into the list by next week I shall give you levels at which to take profits. But no matter how strong they become, I advise against chasing them.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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NASD Against Gleason

(Continued from page 1300)

the Committee's determination shows, not considered. Nevertheless, Gleason was found guilty of the charge of unfair pricing.

"In our view, the Business Conduct Committee's procedure in this case suffered from far more serious deficiencies than the 'inexpertness' found by the National Committee. Business conduct committees, sitting in a quasi-judicial capacity, are in the difficult and vulnerable position of businessmen trying a competitor. Under such circumstances, they are bound to observe the highest standards of fair procedure. In so doing, they must not in any way discourage or abridge a respondent's exercise of any right which their rules afford or which simple justice demands, including the right to counsel. They should take every reasonable step necessary to insure that their deliberations are not affected by the personal prejudices of any of the participants in the proceeding. In cases of this type, their decisions ought to be supported not merely by peremptory conclusions, but by articulated findings and a reasoned consideration of the relevant facts of the case.

"The hearing on Complaint No. 20 was deficient in these respects; it was injudiciously handled; it violated Gleason's fundamental rights."

and further

"The spread between bid and asked appearing in the "Herald" quotations is completely arbitrary. Up to the Summer of 1941, for each security which it quoted, the "Herald" was furnished with a bid by a local house selected by the Quotation Committee of the Boston Securities Traders' Association under the supervision of the NASD. An asked price would then be determined in the office of the "Herald's" financial editor by a process of adding some arbitrary amount to the bid, varying with the price level of the issue, and then making various adjustments for individual issues wherever it was believed such adjustments were needed.

In the summer of 1941, however, a much more rigid method for determining newspaper quotations was introduced. At that time the Boston Securities Traders' Association, with the NASD acting in a supervisory capacity, furnished the "Herald" with a list showing, for each security, the name of the dealer who would supply a daily bid to the newspaper, the amount by which that bid was to be "dropped" to arrive at a bid to be published, and the amount of "spread" which was to be added to the "dropped" bid to obtain an asked price to be published. Each afternoon the paper calls the dealer on its list and receives a bid; it lowers that bid by the indicated amount (usually ⅛ or ¼) and obtains a published bid price; it then adds the indicated spread to the published bid price to obtain a published asked price. In some issues a variant of these procedures is followed, wherein the bid is not dropped for publication, the original dealer's bid being published. The drops and spreads are arbitrary, in any case, and are changed frequently.

Accordingly, the quotations have never reflected transactions nor have they reflected even bona fide expressions of trading interest among securities houses.

Decision of the SEC

In passing upon Gleason's petition for review, the SEC affirmed the fine of $250 and the censure, upon the ground that "such penalties would not have been excessive even had they been based upon the unfair pricing charge alone." The Commission, however, reversed the expulsion action of the NASD.

In view of other parts of the decision, it is difficult to reconcile the sustaining of the fine and the censure. These are:

(a) The warning that the appearance of an attorney for Gleason—one in fact appeared for him—might prejudice the Business Conduct Committee against him;

(b) The criticism of NASD supervision of newspaper quotations;

(c) The failure of the Business Conduct Committtee to consider Gleason's defenses that he did business on the same basis of all the other houses of his type and size in the City of Boston; and

(d) The absence of any data in the record on prevailing markets in the securities at the time of sale.

In our judgment, particularly in view of the high standards of conduct set by the SEC for Business Conduct Committees because of their vulnerable position as competitors, the facts before the Commission warranted a complete reversal.

Personal Liability of Business Conduct Committee Members

When interviewed Mr. Gleason said that between the time of his expulsion and his reinstatement, the NASD notified all of its members of his ouster. This, he says, caused him substantial damage, and he is, therefore, deliberating the wisdom of bringing an action against the individual members of the Business Conduct Committee which tried him, to recoup his losses.

The extent of the liability of individual members of the Business Conduct Committees presents interesting questions of law. We wonder whether the NASD has taken any steps to protect these men against liability to which they may be personally subjected, and if they have, just what safeguards the NASD has set up. Certainly the least that can be done is to provide a bond or bonds which would make immune from personal loss those who attempt to render a public service.

Noncombat Duty For 4-Fs And Men Over 38 Discussed By Military

Col. Francis V. Keasling of the Selective Service made known on March 27 that the Army and Navy have discussed plans for inducting 4-Fs and men over 38 for work in military hospitals, the harvesting of seasonal crops and other non-combatant work, it was reported in United Press advices from Washington on March 27, which also said:

He told a House Military Affairs subcomittee studying draft deferments that registrants now classified 4-F could be taken into military service without additional legislation and without lowering combat physical requirements, although additional legislation "would be helpful."

Something must be done immediately to find replacements to industry and to stop labor turnover, he said, and the Army and Navy already have discussed taking such men for non-combatant work.

All the War and Navy departments would have to do, he said, is to announce that they are going to take in so many 4-F's and over-age men for non-general military service.

They would be part of the army and navy, but would be put at work in military hospitals, harvesting seasonal crops where needed and in other non-combatant positions such as those occupied by women's military auxiliaries.

Circulars On Boston & Me. And United Gas Available

Securities of the Boston & Maine Railroad offer good speculative possibilities according to a memorandum issued by Price, McNeal & Co., 165 Broadway, New York City. Copies of this interesting memorandum and a circular on United Gas Corporation may be had upon request from Price, McNeal & Co. In the circular on United Gas Corporation, the firm advances its reasons for feeling that holders of the common stock of this corporation should oppose the recapitalization plan.

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Municipal News & Notes

Offering at competitive bidding of a scheduled issue of $42,000,000 Consumers Public Power District, Neb., refunding bonds will not be made until after the close of the special session of the Legislature, which was convened by Governor Dwight Griswold on March 27.

In a resolution adopted by the district's Board of Directors on March 21, announcing the above action, officers of the district were directed to proceed "with preparations for submitting to the Board at its first meeting after adjournment of the special session further detailed plans for the refunding."

The resolution was accompanied by a statement of the Board of Directors acknowledging the desirability of the refunding as soon as possible at a consequent saving to the district's consumers of "probably $5,000,000." The statement also said that it would be a serious mistake to magnify the disagreement among the Board as to the method of effecting the financing, whether through private sale or competitive bidding.

One of the purposes of the special legislative session will be to ratify the action of the district's executive board on March 16 last recommending that the refunding issue be sold at competitive sale. The proposed issue will consist of general and refunding obligations and is intended to consolidate the several series of issues presently outstanding. Several syndicates have already indicated interest in the projected issue.

To clear the way for disposal of the issue via the auction method, the Board Directors has asked Guy C. Myers of New York City, who was engaged as refunding agent, if he is willing to cancel his contract, calling for a commission of ½ of 1%, in consideration of being reimbursed for out-of-pocket expenses. Governor Griswold is reported to be opposed to the contract.

Tom Green County, Texas, Decision Charges Bondholder With Knowledge Of The Law

Right of Tom Green County, Texas, to call for redemption certain courthouse serial bonds of 1927, despite the fact that the contract pursuant to which they were issued specifically set forth a non-optional clause, was upheld by Judge Sutton of the 51st District Court at San Angelo, in a decision rendered last week. The county had called the bonds last October in pursuance of the decision of the Texas Supreme Court in the now famed Cochran County case. This decision and the more recent ruling of the Texas tribunal in the Bexar County litigation were cited by Judge Sutton in ruling against Annie Norton, who had refused to surrender her holdings of Tom Green bonds and contested the county's action in the courts.

In his decision, Judge Sutton expressed the opinion that the county "by its conduct, if not expressly, led the purchasers of such (1927) bonds to believe that it was the intention of the Commissioners' Court to waive its option to call and redeem such bonds, this fact being self-evident from the fact that the sale of the courthouse bonds enriched the courthouse fund in the sum of $12,178, as the premium received on the sale of the bonds, over and above the principal of the bonds so issued and sold."

The court also conceded that the protesting bondholder would be "greatly damaged" by being obliged to surrender the bonds, in accordance with the call notice, at par, although she purchased them at a substantial premium. Despite this, however, Judge Sutton held that the bondholder is charged with knowledge of the law and that the county cannot be estopped by the acts or conduct of the Commissioners' Court, if their action is beyond the authority conferred upon that court by the statutes.

Thus the court held, in effect, that the Texas law that gave birth to the Cochran County decision and the subsequent extensive list of bond call notices by various counties in the State, definitely permits the prior redemption of bonds affected thereby, regardless of whether or not they contained a call provision at the time of issuance. While this latest opinion will be carried on appeal, it obviously was a severe blow to those who have steadfastly adhered to the opinion that the Cochran County decision will be voided. In the meantime, it may be noted that, apparently as a result of the Texas Supreme Court decision in the Bexar County case (see Chronicle of March 2, page 906), the issuance of bond call notices by counties in the State has been accelerated.

Governmental Units Total 155,148, Survey Shows

A total of 155,148 governmental units levy taxes and render public services in the United States. Included are 3,050 counties in 47 States—county areas in Rhode Island are not organized for governing purposes—and 18,884 townships. There are 16,189 actively organized municipalities, including cities, towns, boroughs and villages.

Largest category is school districts constituting 70% of the total, according to information to the International City Managers Association. Excluding these, municipalities comprise about 33%, townships 41%, special districts 18% and counties less than 7% of the total.

Units exist primarily to conduct local government in the general municipal sense; to supply some specific local public service or to carry out any of the numerous possible combinations of general or specific functions.

Variations in number of units in each region of the country may be due to three things or a combination of the three, the association said. There may be less overlapping of units, as in New England, where local government is characterized by the town and village in contrast with Illinois having the county, township, municipality, the school district and one or more special districts all covering the same area. The units may cover a larger area or the density of population may be greater.

New England States, relying heavily on the town organization to provide many governmental services, have by far the fewest number of local units—a total of 2,314, or 27.4 per 100,000 population. Greatest increase in the number of governmental units is found in the West North Central States, where there are not only the greatest number of units, 57,049, but the greatest number per 100,000 population. Of these, school districts account for 314.3 per 100,000 population, organized towns and townships, 61.7 and municipalities 30.8, of which only one-tenth are over 2,500 population.

The Mountain States are second in the number of all units in relation to population, 190.9 per 100,000, and school districts, 145.8 per 100,000, but rank first in the number of counties and special districts. The Middle Atlantic States, which together rank first in population rank only sixth in the total of all units and in the number of school districts, last in number of counties, and next to last in number of municipalities and special districts—all in proportion to population.

Wire Bids on
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS
F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

Philadelphia Gross Debt Now Lowest Since 1927

The Chemical Bank & Trust Co., New York, in their "Brief Analysis of Credit Factors of the City of Philadelphia," just issued, states that the city reduced its net debt, including overlapping, by 25.6%, or over $119,000,000, in the last 10 years, or from $467,273,151 on Dec. 31, 1933, to $347,476,052 at the close of 1943. Gross funded debt, which reached its peak in 1933, is now at the lowest point since 1927, according to the report.

Debt currently outstanding consists primarily of term bonds, a large portion of which are callable over the next 15 years. Sinking funds are adequately maintained, it is said, and the city has never defaulted on payment of bond prinicipal or interest.

Although assessed valuations declined from the 1930 peak of $4,787,602,031 to current low of $3,070,557,663 (1943), the city, by adopting in 1940 the highly productive income tax levy, obtained substantial revenue to supplement real and personal property taxes, which declined because of the ratables loss. For the past eight years the city has maintained a real estate tax rate of no more than $17 per $1,000, and home ownership in the city is said to be well above the median for cities with populations over 500,000.

A tabulation contained in the analysis shows that real property tax collections have increased steadily since 1933, payments of the current city levy in that year having amounted to only 72.4%, as against 96% in 1943.

Philadelphia is the third largest city in the country and is described as the "hub of the nation's fourth most productive industrial area, and a commercial and industrial unit of outstanding importance in the nation's economy." Since funding accumulated deficit in 1939, the city has expanded its revenue system, balanced its budgets and accumulated sizable cash surpluses, having closed 1943 with net cash surplus in general fund of $4,758,716.

Triborough Bridge Authority Outlook Analyzed

Goldman, Sachs & Co., New York City, have just completed a study on the war emergency and its relation to Triborough Bridge Authority bonds, which states that, "It appears conservative to anticipate that increases ranging between 25% and 34% will materialize in view of the 50% and 60% rise of January and February receipts respectively." Gross monthly toll revenues from all facilities amounted to $250,050 in January and $222,273 in February of this year.

It is estimated that if operating costs are maintained at the 1943 level, total expenses of the Authority through Aug. 1, 1944, will be $2,067,000, and that a 29% increase in revenues from March 1 to August 1 would preclude the necessity of any borrowing. If operation expenses increase $100,000 it is estimated that a rise of 34% in March through July revenues would be required to avoid borrowing.

For the period through Feb. 1, 1945, and assuming a 1943 level of operating costs, total expenses are estimated at $4,211,000. To avoid borrowing, a 25% increase in monthly revenues for the rest of the period over those of 1943 would be required, according to the study. If operating expenses rise $100,000, the improvement required is estimated at 28%.

According to the study, large surpluses may be expected to accrue in the latter years of the life of the bonds, because cessation of war should restore revenues to former levels after an adjustment period.

The Securities Salesman's Corner

An Inexpensive And Effective Method Of Sending Out Mailings That Build Prestige

Be a little different—lift yourself up out of the crowd—add a novel touch—dig a bit deeper and find a better way—that's the way to make your business noticed. Once you begin to make an impression on the right market the effect becomes cumulative. It's the start that is difficult, afterward the going is easier.

The other day a friend of ours was sitting by our radio and we were listening to the war news. The announcer was on a national net-work and, despite this fact, he was mispronouncing the names of practically every city in the war zone which he mentioned. Our friends, who happened to have traveled extensively in Europe, and who knew the correct pronounciation of the cities in question, turned to us and remarked that it was a joke the way some American radio announcers murdered the pronounciation of foreign names. Then he said, "look at the opportunity these fellows are missing—the field is wide open for some radio announcer to become outstanding, as one of the few announcers who correctly pronounces the names of the places and people about whom he is talking."

The reason we mention this incident is just to show that there is hardly a field of human endeavor existing today, in which someone cannot come along and do a better, and a more constructive job than is being accomplished by the general run of his competitors.

It is perfectly obvious that success in security retailing is based upon the confidence which investors place in the firm with whom they do business. Confidence can be created by many methods—good results, of course, comes first in importance as a business builder. Prestige, standing, a reputation for being SOUND in judgment; conservative principles upon which a business is conducted; real, tangible interest in client's welfare—these are things that build a business.

Now it is axiomatic that a firm is judged by the company it keeps, just as is the case with individuals. So why not use such an approach in your direct mail advertising? For instance, every week in this publication, articles by some of the leading experts in the fields of general economics, finance, and individual, industry analysis, regularly make their appearance. This is, we admit, a plug for the "Chronicle," but it deserves it—in fact, the articles of this nature which appear herein, to our best knowledge, are not duplicated in any other publication.

Take last week's issue, for example: there were excellent articles on (1) The Railroad Situation, (2) Money and Inflation, (3) International Bimetallism, (4) Congress Must Encourage Venture Capital Out of Hiding, (5) Current Problems and Their Effect Upon Municipal Finance, (6) Post-war Prospects and Problems, (7) Foreign Trade and Currency Stabilization Problems, and also the regular features and articles on Real Estate, Public Utility, Railroad and Investment Trust Securities.

Why not prepare a neat folder, with your firm name, your address, etc., at the top, and a line or two stating that it is your policy to keep your clients posted regarding the developments in the field of general economics and finance, by sending them reprints of certain information which comes to your attention and which they may not have otherwise noted. This is the general idea. Word it to suit your own purposes—make it dignified—yet personal. Put it in such form that it can be used as a permanent cover or frontispiece.

Then select one of these articles and have a supply photo-offset (the "Chronicle" will be pleased to allow this privilege, just given them credit). There is nothing more effective than a reprint from a standard publication and the cost can be cut down to a cent or two apiece for the offset. By sending out selected material that has real "meat" and merit, you can cover your regular clients and prospects with the type of mailing that is bound to create a favorable impression, build your prestige and page the way for your salesmen toward better accounts. Closer ties between your firm and your customers can be established and, in addition, you are helping them to become better investors—which is fundamental to the success of any well-managed retail security business.

Brailsford Co. Adds W. B. Egan To Staff

(Special to The Financial Chronicle)

CHICAGO, ILL.—William Bradshaw Egan has become associated with Brailsford & Co., 208 So. La Salle Street, members of the Chicago Stock Exchange. Mr. Egan was formerly with Sills, Troxell & Minton, Inc., and Central Republic Co. Prior thereto he was an officer of Bond & Goodwin, Inc., of Illinois, Interstate Investment Corp. and R. E. Wilsey & Co.

Fifth War Loan Drive Goal Is $16 Billion

A goal of $16,000,000,000 has been fixed for the Fifth War Loan, it was made known by Secretary of the Treasury Morgenthau on March 23, "because," he said, "we need it for the war and because we've been assured that we can get it." According to the Associated Press, the Secretary at a news conference that day said that he wanted to correct an impression that the goal would be $14,000,000,000, the same as the Fourth War Loan, which brought in $16,730,000,000. It was added in the press advices:

"Saying that he had been smoked out by the published reports, Mr. Morgenthau added that a full announcement as to the date and type of securities would be made next week. The drive generally is expected to open early in June."

Growth Possibilities

Consolidated Gas Utilities Corporation offers attractive possibilities as a growth stock according to a detailed circular on the situation issued by Hicks & Price, 231 South La Salle St., Chicago, Ill., members of the New York and Chicago Stock Exchanges, and other exchanges. Copies of this interesting circular may be had from the firm upon request.

Small Business And The Capital Markets Under NASD's 5% Rule

(Continued from page 1299)

getic men, and very meager capital to start with. But this is the way many small businesses start and grow into big businesses. Unhappily they do not all succeed so well. But that can be blamed on many factors. One may be the idea itself. Another may be lack of knowledge. Another may be work and effort, and it may be lack of capital. A more successful business with the same idea and a better organization may win the prize of success. But capital is necessary and small businesses are very speculative for the most part, and a great many will go under no matter how well provided with capital.

But small business remains the backbone of business and employment. It is now claimed that 45% of all people working for wages are employed by small units. Just how big and how important small business is must be somewhat indefinite. We know it is big and we know it is important. But how big and how important depends on what is included in small business.

One time back in the dark days of 1935 a survey was made of small business in a middle western town of about 50,000 people. This survey showed that out of more than 6,000 incorporated businesses only about a dozen were represented on the major securities markets. This representation consisted of branches of such companies as the telephone company, the power and light company, the gasoline companies, and the branches of a few chain stores and installment finance companies and small loan companies. The local offices of these companies whose parent company securities were listed on the national securities exchanges did not employ many people, not any more than the average small one office business, and in some instances fewer employees than one office businesses of companies in the same occupations. The great majority of the local corporations employed local people and these companies furnished the jobs for the community. The chain and foreign office representative companies were there for what they could get and their employees in many instances did not stay long or become a part of the local community. These small corporations were dependent on local capital. The large companies or the branches of national companies there obtained their needed capital from national sales of securities. There was at that time a great need for local capital and plenty of local capital but no satisfactory market. Small business in that town just found it difficult to raise capital at any price. Yet money was deposited in the local banks without interest and to this day Federal law forbids banks to pay interest on demand deposits. To stand by and observe this process, and watch the local need for capital, is not inclined to excite much enthusiasm for the holding down of the gross spread on over-the-counter securities to 5%. Capital at any price is preferable to what goes on today in this sort of thing in every small town in this country. A capable dealer in over-the-counter securities who could actually serve the local capital markets in these towns of 100,000 people and less would do the community a service at two or three times 5% and still be instrumental in furnishing the cheapest supply of capital in the community. For a dealer to sell securities in these small towns at a gross mark-up of 5% and live will depend on his volume and perhaps the extent to which he deals in the securities of the big out-of-town corporations which are relatively easy to sell and are available in supply. But if he serves the local capital markets and deals in local issues known only in that community, and does a proper job of investigation and servicing these issues and keeping in touch with the management and progress of the companies and furnishing the information to his customers, thereby facilitating the flow of the lowest priced capital in town, he cannot do so on a 5% gross mark-up basis. And if he does not do so, it will be impossible to expect any kind of a market to exist for such local securities and this being the case it will be next to impossible for the small corporations thus affected to again raise capital through the sale of securities — capital incidentally, which need not come due and have to be paid when local business needs it most since dividends can be deferred. If the capital is common or preferred stock, there is no costly bankruptcy with the local employees thrown out of business as is the case when capital is obtained from chain loan companies and installment sellers. Just why the local securities dealers in these small places should be held down to 5% and these national suppliers of capital to local business be permitted a gross charge seven to ten times that rate on what amounts to a call loan is a little hard to understand, unless it is because the people in our big cities and in our government commissions do not know how the small business in the small town gets capital, lives, provides work for the people and makes progress.

The Principle of the NASD's 5% Gross Mark-Up Rule

In addition to the fact that the 5% gross mark-up limitation rule will put the small local dealer serving local small business out of business and concentrate the over-the-counter capital markets in the hands of a few large dealers and their chain systems, the principle is unsound. At the present time and before this rule stuck up its head the large dealers in the large centers were able to do business on a gross charge of much less than 5% and still do. The reasons are that volume and competition have driven this charge down, and the business has been ruled by competition for the most part in the larger centers. The more of this competition we have the better. All buyers, sooner or later, are going to seek the best service at the lowest price. Government Bureaus and volumes of impossible rules that cost the taxpayer money, obstruct the service, take the time of the dealers, and run up their office costs until they have to raise the charges to customers to cover overhead are not in the public interest.

But as sure as this rule with all of its complications is made enforceable, the tendency will be for 5% to be the charge. This will save the dealer time and money and reduce his office costs. It will be the natural charge because it is the legal rule. In every business where a maximum charge has been instituted it has tended to become the minimum. It will in this business when the large city dealers become the monopoly of this business as they will under this rule, and costly red tape clutters up their offices with paper records to be furnished to take their time from customers and from seeking information which they should seek to inform themselves and their customers.

The principle of the NASD's 5% gross mark-up rule is unsound and the dealer business should fight it as a patriotic duty.

This matter is so important to the small business in the small towns of this country that employ more than half of the people of this country that a Congressional committee should investigate these problems in the small towns and in small businesses. A hearing on this matter held in Portland, Me.; Syracuse, N. Y.; Atlanta, Ga.; Rockford, Ill.; Indianapolis, Ind.; Louisville, Ky., and like towns would disclose information that would make clear that the few big dealers and the bureaucrats promoting this slaughter of the small town security dealer and the small business in the small towns do not know how half of the people in this country live. In conclusion:

1. The legal authority for the 5% rule should be investigated.

2. If the large city dealers want a rule of approximately the charges of the present most successful dealers of 1 or 1½%, they should have it if they can agree. But they should not monopolize the business or try to force their rules upon the small dealers in small towns.

3. The original purpose of the Maloney Act should be investigated in the light of what has transpired and developed.

4. No dealer should be required to be a member of an association or abide by the rules of an association which is wholly inconsistent with his needs. As things stand now a dealer is compelled to join the NASD since the Association has a rule, which is permitted by the Maloney Act, that forbids a member from giving discounts (wholesale prices) to non-members. Since the largest firms in the business collaborated in the formation of the NASD the small dealers had no choice but to join the Association and pay dues to get discounts. Now these small dealers find a few shortsighted individuals running the Association and foisting a monopolistic 5% mark-up limitation rule on them that would deprive them of their inalienable right to continue in business since they cannot possibly survive on as small a margin of profit as the large houses. This is getting away from democracy in a big way.

5. Without delay Congress should take up the Maloney Act, and the Securities Acts and define clearly their meaning in the light of what has developed and in terms of modern conditions.

War Bond Redemptions In March Nearly 47% of Sales

With but one week remaining in the month, March war-bond redemptions reached a new high of more than $216,000,000 on March 25, apparently reflecting a heavy drain on savings resulting from the March 15 income tax payment date, said Associated Press accounts from Washington on March 27, which further reported:

"The March total of cash-ins through Saturday (March 25) compared with December's $206,900,000, the previous record, and last month's $184,800,000 figure.

"This month's redemptions are running at a rate of nearly 47% of sales. However, Treasury authorities believe that record purchases during the January-February Fourth War Loan, plus income tax paying time, tended to slow buying in March.

There are more than $30,000,000,000 worth of United States savings bonds outstanding.

The Business Man's Bookshelf

Food for Postwar Europe: How Much and What?—M. K. Bennett—Food Research Institute, Stanford University, California—paper—50c.

Japan, Its Resources and Industries — Clayton D. Carus and Charles L. McNichols—Harper & Brothers, 49 East 33rd Street, New York City—cloth—$3.50 (publication date: April 19, 1944).

Miracles Ahead! — Norman V. Carlisle and Frank B. Latham—The Macmillan Company, 60 Fifth Avenue, New York City—cloth—$2.75 (publication date: April 11, 1944).

Mr. Tompkins Explores the Atom—G. Gamow—The Macmillan Company, New York City—cloth—$2.00.

Passenger Transport in the United States 1920-1950—Lewis C. Sorrell and Harry A. Wheeler—Railway Business Association, 38 South Dearborn Street, Chicago, Ill.—paper.

Selection of Supervisors—Harold W. Dornsife—Industrial Relations Section, California Institute of Technology, Pasadena 4, California—paper—$1.00.

600 New Things Coming After The War—The Business Bourse, 80 West 40th Street, New York City—in loose-leaf ring binder—$7.50.

Ten Years of Controlled Trade in South-Eastern Europe — N. Momtchiloff — The Macmillan Company, New York—paper.

V-VT Loans and Conversion Financing — National Industrial Conference Board, Inc., 247 Park Avenue, New York 17, N. Y.—paper.

Your Business and Post-War Readjustment—Leverett S. Lyon, James M. Barker and Guenther Baumgart—University of Chicago Press, 5750 Ellis Ave., Chicago, Ill.—paper—$1.00.

Wartime Labor Relations—John H. Mariano—National Public and Labor Relations Service Bureau, Inc., 110 E. 42nd St., New York 17, N. Y.—cloth—$2.75.

Colombia Bond Exch. Offer Extended

Holders of Republic of Colombia 6% External Sinking Fund Gold Bonds dated July 1, 1927, and due Jan. 1, 1961, and 6% External Sinking Fund Gold Bonds of 1928 dated April 1, 1928, and due Oct. 1, 1961, are being notified of an extension of time from April 1, 1944, to Dec. 31, 1944, within which to exchange the bonds and appurtenant coupons designated in the offer, dated June 5, 1941, for Republic of Colombia, 3% External Sinking Fund Dollar Bonds due Oct. 1, 1970. The period for exchange of Convertible Certificates for 3% External Sinking Fund Dollar Bonds due Oct. 1, 1970, in multiples of $500, has been similarly extended.

The exchanges are being effected through The National City Bank of New York, as agent. Copies of the offer may be obtained from the Bank's Corporate Trust Department.

Situation Attractive

Herzog & Co., 170 Broadway, New York City, have prepared a memorandum on Bartgis Bros., which the firm feels offers an interesting situation at the present time. Copies of this interesting memorandum may be had upon request from Herzog & Co.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Samuel Livingstone** is with **du Pont, Homsey Co.**, Shawmut Bank Building.

(Special to The Financial Chronicle)

BOSTON, MASS. — **John R. Park** is now with **W. H. Bell & Co., Inc.**, 49 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS. — **H. Bourne Pillsbury** is with **Hornblower & Weeks**, 60 Congress Street.

BOSTON, MASS.—**Joseph H. McCarthy** has joined the staff of **duPont, Homsey Company**, Shawmut Bank Building.

BOSTON, MASS.—**Maurice F. Pagnano** is now with **Trust Funds, Inc.**, 89 Broad Street.

CHICAGO, ILL. — **Mount V. Hale** has become associated with **E. H. Rollins & Sons Incorporated**, 135 South La Salle Street. M. Hale was formerly with Behel, Johnsen & Co., Inc., and Paul H. Davis & Co.

(Special to The Financial Chronicle)

GLOUCESTER, MASS.—**Ralph M. Barker** has been added to the staff of **Mann & Gould**, 70 Washington Street, Salem, Mass.

(Special to The Financial Chronicle)

HANNIBAL, MO.—**H. H. Bright** is now connected with **Bankers Bond & Securities Co.**, Hannibal Trust Bldg. Mr. Bright was previously with the Boone County Trust Co. of Columbia, Mo.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—**Myran J. Crane** has become connected with **Brailsford & Company**, 208 South La Salle Street, Chicago, Ill. Mr. Crane previously was with the Indianapolis office of Straus Securities Company and prior thereto was with Ferd A. Meyer.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William S. Patterson**, formerly with Pacific Company of California, has become associated with **Blyth & Co., Inc.**, 215 West Sixth Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Ann Trezise** of San Diego has become affiliated with **Revel Miller & Co.**, 650 South Spring Street. Miss Trezise was formerly with Merrill Lynch, Pierce, Fenner & Beane.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Sydonia B. Chance** has joined the staff of **C. A. Botzum Co.**, 210 West Seventh Street. She was previously with H. R. Baker & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Oscar C. Nelson**, formerly with Bingham, Walter & Hurry, is now affiliated with **Nelson Douglass & Co.**, 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Sydney C. Krams** is now with **Witherspoon & Company, Inc.**, 215 West Seventh Street. Mr. Krams was previously with G. Brashears & Company.

PORTLAND, ORE. — **Sam J. Young**, for many years with Ferris & Hardgrove, has become associated with **Daugherty, Cole & Co.**, U. S. National Bank Building.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**Melvin J. Scoville** has become associated with **Conrad, Bruce & Co.**, 1411 Fourth Avenue Building.

(Special to The Financial Chronicle)

WAUSAU, WIS. — **Eugene McGregor Wright** has become connected with **The Wisconsin Company**, 516 Grant Street.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

Tampa Elec. Interesting

W. C. Langley & Co., 115 Broadway, New York City, members of the New York Stock Exchange, have prepared an analysis of Tampa Electric Co. Copies of this interesting analysis may be had from the firm upon request.

Dillon, Read Group Offers Two Issues Of Michigan Consolidated

Dillon, Read & Co. headed a nation-wide syndicate of 86 bankers which on March 29 offered two issues of Michigan Consolidated Gas Co. securities, $38,000,000 first mortgage bonds, 3½% series due 1969, at 106¼% and accrued interest, and 40,000 shares ($100 par) 4¾% cumulative preferred stock, at $105.50 per share.

Proceeds from the sale of the bonds and preferred stock, together with treasury funds, will be applied to the redemption of $36,000,000 first mortgage bonds, 4% series due 1963, $4,150,000 4% serial notes due 1944 to 1948, and 20,000 shares of 6% preferred stock of 1927 (par $100).

The company is engaged in the purchase, distribution and sale of natural gas in Detroit, Grand Rapids, Muskegon, Ann Arbor, Mt. Pleasant, Greenville and Big Rapids and certain adjacent territory, and in the production, distribution and sale of manufactured gas in Ludington and Belding. The company also owns a small number of producing gas wells and has gas rights on lands in west central Michigan. Its business is conducted entirely within the State of Michigan. The gas business conducted by the company in Detroit was started by predecessors in 1851. The properties in Grand Rapids, Muskegon and Ann Arbor were acquired in 1938, the properties in Mt. Pleasant, Greenville, Ludington and Belding in 1942. and the properties in Big Rapids in 1943.

Champion Paper & Fibre Shares Offered

Goldman, Sachs & Co. and W. E. Hutton & Co. on March 29 offered 25,507 shares of The Champion Paper & Fibre Co. 6% cumulative preferred stock ($100 par) at $109 per share flat. After the stock has been issued, all the 115,000 authorized shares of 3% preferred stock of the company will be outstanding.

Net proceeds from the financing will be added to the company's working capital in the first instance, but it is anticipated they will be used for capital expenditures when circumstances permit. These expenditures are now expected to include the transfer of certain machinery to another plant, and the improving and increasing of the capacity of certain other machinery.

Jules S. Bache Dies, Prominent Financier

Jules Semon Bache, internationally known financier and industrialist, died at his winter home in Palm Beach, Fla., after a brief illness. He was eighty-two years old.

A native of New York City, Mr. Bache after receiving an education in America and Germany, worked for a time in the office of his father, a plate glass manufacturer. At the age of twenty he became cashier of Leopold Cahn & Co., bankers. Eleven years later he became head of the firm and the name was changed to J. S. Bache & Co. The firm holds memberships in most of the stock and commodity exchanges in the country.

After Mr. Bache's entry into business with Leopold Cahn & Co. his rise was rapid and his fortune was estimated at many millions. He assisted in the reorganization of the Oregon Improvement Company and Glucose Sugar Refining Company and was an officer or director of many leading industrial and other concerns.

Well-known as a patron of the arts, in 1937 he gave his collection to the State of New York. The collection, conservatively valued at $12,500,000, was turned over to the Metropolitan Museum of Art as a permanent exhibit last January. With the collection, Mr. Bache gave to the State his residence at 814 Fifth Avenue.

N. Y. Cent. Offers Interest'g Speculative Possibilities

The New York Central Railroad Company junior bonds and common stock offer attractive speculative possibilities according to an interesting appraisal of Central's Future, issued by Blair & Co., Inc., 44 Wall Street, New York City. Copies of this study, which contains special reference to competition, financial position, earnings prospects and break-even point, may be had from Blair & Company upon request.

FINANCIAL NOTICE

NOTICE TO HOLDERS OF

NEW ORLEANS, TEXAS & MEXICO RAILWAY COMPANY

FIRST MORTGAGE AND INCOME BONDS

Payment equal to three six months' interest accumulations to the holders of New Orleans, Texas & Mexico Railway Company Bearer and Registered Bonds, in the aggregate amount of $3,425,025, has been authorized by Order No. 2371, entered September 18, 1943, of the United States District Court, Eastern Division, Eastern Judicial District of Missouri, as follows:

(a) for three six months' periods ended, respectively, April 1, 1939, October 1, 1939 and April 1, 1940 on First Mortgage Series A and B Bonds,

(b) for three six months' periods ended, respectively, August 1, 1939, February 1, 1940 and August 1, 1940 on First Mortgage Series C and D Bonds, and

(c) for three six months' periods ended, respectively, April 1, 1942, October 1, 1942 and April 1, 1943 on Non-Cumulative Income Bonds.

In pursuance of said Court Order said payment is to be made to said bondholders on and after April 4, 1944, and shall be received and accepted by them subject to the provisions and conditions of said Order. The aforesaid Order may be examined at the Office of the Clerk of said Court. Holders of said Bonds must obtain from the undersigned, address Missouri Pacific Building, St. Louis, Missouri, or from J. P. Morgan & Co. Incororated, New York City, Paying Agent, forms of letters for transmitting to said Paying Agent, direct or through local banks, at holder's risk (a) the Coupons numbered, respectively, 30/32, 30/32, 26/28, and 23/25, detached from First Mortgage Bearer Bonds, and, also, from Bonds registered as to principal only, of the aforesaid Series A, B, C and D, and (b) the Fully Registered First Mortgage Bonds of said Series, and, also, the Non-Cumulative Income Bonds with all unused coupons attached. A separate income tax ownership certificate for the aggregate interest to be received under each maturity, as indicated above, and more particularly indicated in the required Letters of Transmittal, should be forwarded with the Coupons or Bonds presented. Said Paying Agent will (1) return all Fully Registered First Mortgage Bonds, and all Non-Cumulative Income Bonds, at owner's risk, with notation of the aforesaid interest accumulations payment stamped thereon, and (2) duly make remittance covering said interest accumulations payment on said Coupons or Fully Registered First Mortgage Bonds and Non-Cumulative Income Bonds.

GUY A. THOMPSON, TRUSTEE,
NEW ORLEANS, TEXAS & MEXICO RAILWAY COMPANY, DEBTOR.

Dated at St. Louis, Mo.
March 28, 1944.

FINANCIAL NOTICE

NOTICE TO HOLDERS OF

MISSOURI PACIFIC RAILROAD COMPANY

FIRST AND REFUNDING MORTGAGE BONDS SERIES A, F, G, H AND I.

Payment equal to two six months' interest accumulations to the holders of Missouri Pacific Railroad Company First and Refunding Mortgage Bearer and Registered Bonds, in the aggregate amount of $13,159,525. has been authorized by Order No. 2370, entered September 18, 1943, of the United States District Court, Eastern Division, Eastern Judicial District of Missouri, as follows:

Series A, two six months' periods ended August 1, 1935 and February 1, 1936,
Series F, two six months' periods ended September 1, 1935 and March 1, 1936,
Series G, two six months' periods ended May 1, 1935 and November 1, 1935,
Series H, two six months' periods ended April 1, 1935 and October 1, 1935,
Series I, two six months' periods ended August 1, 1935 and February 1, 1936.

In pursuance of said Court Order said payment is to be made to said bondholders on and after April 4, 1944, and shall be received and accepted by them subject to the provisions and conditions of said Order. The aforesaid Order may be examined at the Office of the Clerk of said Court. Holders of said Bonds must obtain from the undersigned, address Missouri Pacific Building, St. Louis, Missouri, or from J. P. Morgan & Co. Incorporated, New York City, Paying Agent, a form of letter for transmitting to said Paying Agent, direct or through local banks, at holder's risk, (a) the Coupons numbered, respectively, 37/38, 17/18, 13/14, 10/11 and 9/10, detached from the Bearer Bonds and, also, from Bonds registered as to principal only, of the aforesaid Series A, F, G, H and I, and (b) the Fully Registered Bonds of said Series. A separate income tax ownership certificate for the aggregate interest to be received under each maturity, as indicated above, and more particularly indicated in the required Letter of Transmittal, should be forwarded with the Coupons or Bonds presented. Said Paying Agent will (1) return all Fully Registered Bonds, at owner's risk, with notation of the aforesaid interest accumulation payments stamped thereon, and (2) duly make remittance covering said interest accumulation payments on said Coupons or Fully Registered Bonds.

GUY A. THOMPSON, TRUSTEE,
MISSOURI PACIFIC RALROAD COMPANY, DEBTOR.

Dated at St. Louis, Missouri.
March 28, 1944.

FINANCIAL NOTICE

NOTICE TO HOLDERS OF

INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY

FIRST MORTGAGE BONDS SERIES A, B AND C

Payments equal to two six months' interest accumulations for periods ended January 1, 1935 and July 1, 1935, on International-Great Northern Railroad Company First Mortgage Series A, B and C Bonds, in the aggregate amount of $1,610,000, has been authorized by Order No. 2372, entered September 18, 1943, of the United States District Court, Eastern Division, Eastern Judicial District of Missouri.

In pursuance of said Court Order said payment is to be made to said bondholders on and after April 4, 1944 and shall be received and accepted by them subject to the provisions and conditions of said Order. The aforesaid Order may be examined at the office of the Clerk of said Court. Holders of said Bonds must obtain from the undersigned, address Missouri Pacific Building, St. Louis, Missouri, or from J. P. Morgan & Co. Incorporated, New York City, Paying Agent, a form of letter for transmitting to said Paying Agent, direct or through local banks, at holder's risk, (a) the Coupons numbered 25/26, 17/18 and 14/15, due January 1, 1935 and July 1, 1935, respectively, detached from the definitive Bonds of said Series, and (b) the Fully Registered Bonds of said Series. A separate income tax ownership certificate for the aggregate interest to be received under each maturity, as indicated above, and more particularly indicated in the required Letter of Transmittal, should be forwarded with the Coupons or Bonds presented. Said Paying Agent will (1) return all Fully Registered Bonds, at owner's risk, with notation of the aforesaid interest accumulation payments stamped thereon, and (2) duly make remittance covering said interest accumulation payments on said Coupons or Fully Registered Bonds.

GUY A. THOMPSON, TRUSTEE,
INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY, DEBTOR

Dated at St. Louis, Mo.
March 28, 1944.

DIVIDEND NOTICE

Electric Bond and Share Company

$6 and $5 Preferred Stock Dividends

The regular quarterly dividends of $1.50 per share on the $6 Preferred Stock and $1.25 per share on the $5 Preferred Stock of the Company have been declared for payment May 1, 1944, to the stockholders of record at the close of business April 6, 1944.

L. B. WIEGERS, *Treasurer.*

DIVIDEND NOTICES

CITY INVESTING COMPANY
30 Broad Street, New York

March 23, 1944

The Board of Directors has this day declared, out of surplus of the Company, a dividend for the three months ending March 31, 1944, of one and three quarters (1¾%) per centum upon the issued and outstanding Preferred Capital stock of the Company, other than Preferred stock owned by the Company, payable April 1, 1944, to holders (other than the Company), of the Preferred Capital stock of record on the books of the Company at the close of business on March 25, 1944. Checks will be mailed.

G. F. GUNTHER, Secretary

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 113

A cash dividend declared by the Board of Directors on March 15, 1944, for the first quarter of the year 1944, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on April 15, 1944, to shareholders of record at the close of business on March 30, 1944. The Transfer Books will not be closed.

E. J. BECKETT, *Treasurer*

San Francisco, California

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of fifty cents (50¢) per share on the Common Capital Stock, both payable on April 15, 1944 to stockholders of record at the close of business March 31, 1944.

GEORGE MIXTER,
March 22, 1944 *Treasurer.*

FINANCIAL NOTICE

Parmelee Transportation COMPANY

6% Sinking Fund Convertible Debentures

Due April 1, 1944

Parmelee Transportation Company will pay all of its outstanding 6% Sinking Fund Convertible Debentures on April 1, 1944, the maturity date. Debentures may be delivered for payment to Guaranty Trust Company of New York, Trustee, Corporate Trust Department, 140 Broadway, New York City, New York, either by registered mail or through the debentureholder's local bank. Interest coupons due April 1, 1944 should be detached and presented for payment in the usual manner.

PARMELEE TRANSPORTATION COMPANY
By Raymond J. Wyatt
Treasurer

March 22, 1944

FINANCIAL NOTICE

This is not an Offer

TO THE HOLDERS OF

Republic of Colombia

6% External Sinking Fund Gold Bonds
Dated July 1, 1927, Due January 1, 1961,

6% External Sinking Fund Gold Bonds of 1928
Dated April 1, 1928, Due October 1, 1961,
and
the appurtenant coupons designated in the Offer
and
Convertible Certificates for 3% External Sinking Fund Dollar Bonds, Due October 1, 1970.

NOTICE OF EXTENSION

The time within which the Offer, dated June 5, 1941, to exchange the above Bonds and the appurtenant coupons for Republic of Colombia, 3% External Sinking Fund Dollar Bonds, due October 1, 1970, may be accepted is hereby extended from April 1, 1944 to December 31, 1944.

The period for exchange of Convertible Certificates for 3% External Sinking Fund Dollar Bonds of the Republic due October 1, 1970 in multiples of $500 principal amount has also been extended from April 1, 1944 to December 31, 1944.

Copies of the Offer may be obtained upon application to the Exchange Agent, The National City Bank of New York, Corporate Trust Department, 20 Exchange Place, New York 15, N. Y.

REPUBLIC OF COLOMBIA
By GABRIEL TURBAY
Ambassador Extraordinary and Plenipotentiary of the Republic of Colombia to the United States of America.

March 30, 1944.

Progress Toward International Economic Cooperation

(Continued from page 1298)

victory. By exerting ourselves to the utmost, in cooperation with our allies, we can hasten the complete collapse of our enemies, minimize the economic costs of the war, and above all, save lives. We know now that we shall have another chance to establish a world order that will provide security against future aggression and opportunity to all peoples to enrich their lives, economically and socially, and culturally.

Such a world order will demand international cooperation in a far higher degree than has ever existed before. There will have to be international cooperation to keep the peace, but cooperation for this purpose alone will not be enough.

Cooperation in the economic field is needed for two reasons: *First*, the obvious one of helping to achieve an expanding world economy, full productive employment, progressive improvement in real living standards, and freedom from want and the fear of want; *second*, for the reason that international cooperation in the economic field is necessary if international cooperation to keep the world peaceful is to remain vigorous and effective for more than a few decades.

The task of making the world safe from recurring outbreaks of war is so important, and so difficult, that we cannot afford to run any unnecessary risks of failure. Such a risk, amounting almost to a certainty would be ever present in the absence of international economic cooperation. Nations would not cooperate indefinitely to keep and, if necessary, to enforce peace if economic warfare were permitted to develop between them.

In order to insure against the outbreak of economic warfare, the major trading nations of the world will have to do more than merely vow not to repeat the same economic blunders they made after the last war. The economic situation confronting the world at this war's end will be such that anything short of positive national programs of economic reconstruction on the part of all governments and in cooperation with each other will not be sufficient to prevent economic disorder within and between nations.

The main outlines of the early postwar economic situation are becoming clear. Many countries, particularly on the continent of Europe, will be devastated. There will be desperate shortages of nearly everything. In others, notably the United States, there will be a tremendous job of reconversion from war- to peace-time production. Millions now in the armed forces will need productive employment. The foreign investments of other countries, particularly of the United Kingdom, will have been depleted to the point where they will yield far less purchasing power for imports than they did before the war. In general, the needs of the outside world for dollars with which to buy many things we will be in a position to produce will be vastly greater than the supply of dollars readily available to them.

In such a situation mere avoidance on our part on on theirs of new and higher barriers to international trade will not contribute positively to the solution of the national and international problem of maximizing production, the exchange of goods, and consumption. Nor will the mere avoidance of another "war-debt" burden, or of unsound foreign lending and wild speculation, be a positive contribution.

The early strains will be eased somewhat through the operations of the United Nations Relief and Rehabilitation Administration. But for the longer pull, much more will be needed.

The proposed United Nations Food and Agriculture Organization should be beneficial in many ways.

Considerable progress has been made in discussions looking toward international currency stabilization—one of the most important matters calling for effective international cooperation. Proposals for an international bank to supplement private and national investment are also under discussion. Given the will to cooperate, it should be possible to work out satisfactory and mutually helpful arrangements in these fields.

Cooperative efforts to solve post-war shipping and aviation problems will be needed.

These and other special international economic problems require, and are receiving, constructive attention. The most basic problem of all, however, is the problem of trade barriers.

If the network of trade restrictions remaining on the peacetime statute books comes back into full force and effect after the war's end, the solution of the difficult problems of the transition period, and of the longer-range problems of economic reconstruction, will be rendered vastly more difficult.

This network of trade barriers is the legacy of economic anarchy and chaos during the inter-war years. It has been loosened considerably by our own trade-agreements program, but too much of it remains to permit anything like the maximum flow of international trade.

This network of trade barriers of all kinds—tariffs, import quotas, exchange controls, and discriminations—should be examined critically by all concerned with a view to clearing away all unnecessary obstacles to international trade after the war.

The time to do this is now. The way should be prepared in advance for a substantial increase in international trade over pre-war levels as soon as circumstances after the war will permit.

The need of this country and of others for such trade, on as diversified a basis as possible, will be far greater than it has ever been in the past. Without such an increase in international trade, we shall fall far short of the goal of full productive employment, here or elsewhere; we shall not have a vigorously expanding world economy; we shall not have a strong economic foundation for enduring security.

I am not suggesting that it would be either feasible or desirable for the world to go over suddenly to completely free trade. The world has gotten too far away from that ideal of laissez-faire economic theory. I am suggesting that unless the peoples of the United and Associated Nations give early and serious thought to loosening up the world network of peacetime trade restrictions, and take timely and effective steps to do so, trade and employment after the war will be kept below desirable and attainable levels.

Each country's trade restrictions affect adversely the relatively strong, more productive branches of production in other countries. At the same time, these restrictions cut down foreign purchasing power for the country's own export products.

Foreign tariffs, import quotas, and discriminatory measures reduce or cut off foreign markets needed by our export branches of production.

The general relaxation of trade barriers and the elimination of trade discriminations would benefit, in each country, those branches of production naturally best suited to provide productive employment. There would be a large net gain in such employment, and in the production of peacetime goods going into consumption.

Fortunately the facts of international life are far better and more widely known now than they were in 1918 and the years following. We learned most of them the hard way — when the false prosperity of the Twenties was shattered almost overnight—when, for the second time within a single generation, war came again and quickly enveloped the globe.

We learned that our Tariff Act of 1930, on top of those of 1921 and 1922, did not ensure prosperity to anyone. Too late, we saw that it was just as effective in stopping our own exports as it was in stopping imports. We saw national income, farm cash income, and industrial wage and salary payments plummet downward. We saw breadlines in the shadow of bulging granaries.

In 1934, with the initial passage of the Trade Agreements Act, the United States sought to substitute economic cooperation for economic anarchy and economic warfare. Prior to the outbreak of war, mutually helpful trade agreements had been concluded with 20 foreign countries. Included among them were many of the most important trading nations of the world outside of the Axis. These agreements for the reciprocal reduction of trade barriers, and for general rules of fair play in international commercial relations, helped to improve our foreign trade. They helped also to improve general relations with the countries concerned.

Since the outbreak of war, trade agreements have been concluded with Iceland, Iran, and four additional American republics (Argentina, Peru, Uruguay, and Mexico). The latest extension of the authority to enter into such agreements, in 1943, covers two years ending June 1945.

This encouraging experience with cooperation in the field of trade barriers should make it far easier than it otherwise would be to deal constructively and effectively with the remaining network of trade restrictions, and with the whole broad problem of international economic relations in the postwar period.

Progress toward international economic cooperation on a broad basis has been helped by progress toward an effective system of international security. The Declaration by United Nations, the results of the Moscow, Cairo and Teheran Conferences, the resolution adopted by the Senate of the United States, by a vote of 85 to 5, and the similar resolution passed by the House of Representatives by a vote of 360 to 29 are among the most hopeful indications that this government intends to do everything in its power in cooperation with other governments to achieve enduring peace and security after this war. American farm and labor leaders, business organizations, religious organizations, many other representative groups, and the press, have indicated awareness of the necessity for United States cooperation to this end, not only for the purpose of establishing a security system but also for the purpose of creating economic conditions favorable to the continuance of such a system.

Many steps toward the objectives set forth in the Atlantic Charter and in Article Seven of our Mutual Aid Agreements remain to be taken. Whether they will be taken depends very largely upon the people and the Government of the United States. Public and private discussion of proposals advanced for achieving these objectives should help to insure further progress toward them.

"Occupation Of Hungary Shows War's End Not Near": Morgontidningen

STOCKHOLM, March 21—The occupation of Hungary shows that the Germans will use to the utmost every chance of dominating Central Europe, writes "Morgontidningen," leading Stockholm Labor organ, adding that this obviously will be the main line of German policy in the near future. "It indicates," states the paper, "that the end of the war is not yet near. Many surprises are still in store, and even the Swedes had better prepare against such surprises," the editorial warns in conclusion.

The Germans, according to "Stockholms-Tidningen," wanted to prevent an Hungarian Badoglio regime. Although the situation is different in many respects, the paper continues, it is reasonable to see in it a warning to Finland. "Dagens Nyheter" expects partisan warfare in Hungary, while "Ny Dag," a Communist Stockholm daily, points out that the Hungarian Government for some time has maintained observers in Stockholm who followed closely the development of the Finnish question.

Many Swedes Believe Knockout Will End War

According to a poll taken by the Swedish Gallup Institute, 43% of the Swedes believe that the European war will not end until one of the belligerents is completely conquered militarily, while 20% hold the opinion that the war might end without the decisive defeat of one of the opponents. 37% were undecided.

Plan To Have 5 Million Men Overseas By July 1 Makes Sending Farm Machinery Abroad Urgent

Pointing out that the United States plans to have 5,000,000 men overseas by July 1, President Roosevelt on March 24 indicated that he thought this a good reason in itself for sending more agricultural machinery abroad. Associated Press accounts from Washington March 24, reporting this, added:

The President mentioned this figure in a discussion at his press-radio conference on farm machinery exports. He said that less than 2% of the available American supply of farm machinery had been exported under lend-lease and noted that Britain, Australia and New Zealand were supplying large quantities of food to American troops under reverse lend-lease.

Mr. Roosevelt first disclosed the plans to have 5,000,000 men overseas by mid-year in his address on Christmas Eve.

Mr. Roosevelt replied indirectly at his press-radio conference to complaints, in Congress and elsewhere, that farm machinery was being shipped abroad when American farmers were unable to get all they wanted.

Information dealing with farm machinery and other problems of help to needy peoples, furnished to President Roosevelt by Leo F. Crowley, head of the Foreign Economic Administration was made public by the President on March 24. Mr. Crowley in his letter to the President declared that the "basic principle" that, in relieving countries devastated by war, "the most effective and practical thing that we can do is to help the liberated peoples to help themselves." Special advices from Washington March 24 to the New York "Times", from which this is learned, quoted further what Mr. Crowley had to say in his letter, as follows:

"In so far as it is possible and praticable, this basic principle will be applied in the furnishing of immediate emergency relief, so that these people, as soon as it can be done, can produce for their own needs. Otherwise, even with the resources of these liberated peoples, the American contribution will not go very far if the supplies are primarily of a consumable character and do not go directly toward aiding the liberated peoples to help themselves."

"As you mentioned in our conversation on this subject," said Mr. Crowley to the President, "we know that the American people will be the first to want to aid the liberated peoples if such basic policies are followed. The American people will know that such aid is not only in their own self-interest, but is also an expression of the traditional humanity of the American people."

The letter was concerned primarily with the policy the FEA would operate in handling farm machinery for the United Nations Relief and Rehabilitation Administration.

With regard to policy on farm machinery, the letter gave the following standards of action:

"1. No funds subject to the control of the FEA will be made available for the procurement of farm machinery or other supplies for the UNRRA until Congress approves the authorization for United States participation in the UNRRA and until Congress makes the requisite appropriations to carry out that participation.

"2. After the authorization and appropriation for the UNRRA are made, if the FEA is the American agency charged with the responsibility for handling the appropriation, it will, in collaboration with the War Production Board and the other American allocating agencies, weigh the requests of the UNRRA for farm machinery as well as other supplies in the light of our war needs, the needs of the American farmers or civilians for farm machinery or other supplies and other needs abroad.

"3. In the preparation and consideration of the UNRRA estimates particular care will be taken to make sure that the limited amounts of farm machinery and other supplies which are sent abroad are those which can make the greatest contribution."

Mr. Crowley stated that in its own screening of farm machinery moving out under lend-lease, FEA had applied the principles laid down in the second and third paragraphs above. He emphasized that we were well remunerated for our exports of farm machinery to Australia, New Zealand and the United Kingdom, by their reverse lend-lease provision of food to our troops.

Attractive Situation

Class A stock of Chicago and Eastern Illinois offers interesting possibilities, according to a detailed discussion of the situation prepared by Raymond & Co., 148 State Street, Boston, Mass. Copies of this study may be had upon request from Raymond & Co.

Situations Attractive

Four Wheel Drive Auto Co. and Western Light and Telephone offer attractive possibilities, according to memoranda prepared by Buckley Bros., 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of these memoranda may be obtained from the firm upon request.

Calendar Of New Security Flotations

OFFERINGS

CHAMPION PAPER & FIBRE CO.—25,507 shares of 6% cumulative preferred stock (par $100). Proceeds for working capital and capital expenditures. The underwriters and shares purchased are: Goldman, Sachs & Co., 12,753 shares and W. E. Hutton & Co., 12,754. Filed March 18, 1944. Details in "Chronicle," March 23, 1944. Offered March 29, 1944 by Goldman, Sachs & Co. and W. E. Hutton & Co. at $109 per share.

ELLIOTT CO.—50,000 shares of 5½% cumulative convertible preferred stock ((par $50) and common stock (par $10) for conversion of preferred. Of the proceeds $1,149,000 will be used to refund outstanding preferred stock (par $100) and balance of $1,205,000 is for working capital. Filed March 14, 1944. Details in "Chronicle," March 23, 1944. Offered March 28, 1944 by F. Eberstadt & Co. at $50 per share.

MICHIGAN CONSOLIDATED GAS CO.—$38,000,000 first mortgage 3½s, series due 1968 and 40,000 shares 4¾% cumulative preferred stock (par $100). Proceeds for refunding. Filed Nov. 13, 1943. Effective Feb. 10, 1944. Details in "Chronicle," March 16, 1944. Offered March 29, 1944, the $38,000,000 first mortgage bonds, 3½% series, due 1969 at 106¼ and interest and the 40,000 shares of 4¾% cumulative preferred stock at $105.50 per share and dividend. The offering syndicate for both issues was headed by Dillon, Read & Co., Mellon Securities Corp., Blyth & Co., Inc. The First Boston Corp. and associates.

NORTHWEST AIRLINES, INC.—139,460 shares of common stock (no par) registered, of which 117,460 shares offered to common stockholders of record March 25 at $16 per share in ratio of one for each two held. Rights expire 3 p.m. EWT on April 6. Proceeds for general corporate purposes. Unsubscribed shares underwritten by Auchincloss, Parker & Redpath. Filed Dec. 23, 1943. Details in "Chronicle," March 16, 1944.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SUNDAY, APRIL 2

ATLANTIC CITY ELECTRIC CO.—55,000 shares of cumulative preferred stock (par $100). Proceeds will be used to redeem 26,283 shares of old $6 preferred and purchase and cancellation of 30,592 shares of old $6 preferred stock of American Gas & Electric Co. (parent). Stock will be sold at competitive bidding with dividend rate to be named by purchaser. Filed March 14, 1944. Details in "Chronicle," March 23, 1944.

MONDAY, APRIL 3

MINNEAPOLIS - HONEYWELL REGULATOR CO.—30,000 shares of 4% cumulative preferred stock, series D (par $100). Proceeds for general corporate purposes. Underwriters and amounts underwritten are Union Securities Corp., 24,000 shares; Piper, Jaffray & Hopwood, 3,500 shares and Alex. Brown & Sons, 2,500 shares. Filed March 15, 1944. Details in "Chronicle," March 23, 1944.

TUESDAY, APRIL 4

LOUISIANA POWER & LIGHT CO.—$17,000,000 first mortgage bonds due April 1, 1974. Proceeds for refunding first mortgage 5s due 1957. Bonds will be sold through competitive bidding with successful bidder naming interest rate. Filed March 16, 1944. Details in "Chronicle," March 23, 1944.

SPRAGUE-WARNER-KENNEY CORP. — 15,000 shares of 6% cumulative preferred stock (par $100). Proceeds will be used for the acquisition of a maximum of 8,649 shares of Western Grocer Co. 7% preferred in exchange of shares and $575,000 will be applied to retirement of 5,750 shares of 6% cumulative preferred of Sprague at $100 per share. Company also plans to issue $3,250,000 face amount of installment promissory notes and use proceeds as additional working capital. A. C. Allyn & Co., Inc., underwriter. Filed March 16, 1944. Details in "Chronicle," March 23, 1944.

WEDNESDAY, APRIL 5

ALLIS - CHALMERS MANUFACTURING CO.—296,015 shares of cumulative convertible preferred stock (par $100). Of the net proceeds the company will apply $15,000,000 to the redemption and payment of all of its outstanding 15-year 4% convertible sinking fund debentures due Sept. 1, 1952, at 104. Balance of proceeds will be added to working capital for war purposes and post-war business. Offered for subscription to common stockholders at rate of one share of preferred for each six shares of common. Subscription price is to be announced with warrants to be issued to stockholders of record March 31 and to expire April 12. Dividend rate on preferred to be fixed later. Underwritten by Blyth & Co., Inc. Filed, March 17, 1944. Details in "Chronicle," March 23, 1944.

SATURDAY, APRIL 8

ARIZONA EDISON CO., INC.—$2,500,000 first mortgage bonds 3½% series, due 1974 and 4,500 shares of $5 cumulative preferred stock (no par). Contemporaneously with the sale of these securities company will sell to a single purchaser $750,000 of serial notes. Proceeds together with other funds will be used to redeem outstanding first mortgage 4% bonds, series C (all $2,538,000 of which are owned by Equitable Life Assurance Society of the United States), all outstanding second mortgage 6% income bonds, series A and second mortgage 5% income bonds, series B. Coffin & Burr, Inc., underwriters. Filed March 20, 1944. Details in "Chronicle," March 23, 1944.

MONDAY, APRIL 10

CELANESE CORPORATION OF AMERICA.—350,000 shares of first preferred stock, $4.50 series (no par), stated value $100 per share, cumulative and 139,622 shares of common stock (no par), stated value $1 per share.

Address—180 Madison Avenue, New York, N. Y.

Business—Manufactures and sells cellulose acetate yarns and fabrics containing such yarns. Is the largest producer of cellulose acetate yarns in the United States.

Underwriting — The underwriting group for the preferred and common stocks is headed by Dillon, Read & Co., and Morgan Stanley & Co., both of New York, with names of others to be supplied by amendment.

Offering—The corporation will offer to holders of its common stock the right to subscribe for additional shares of common stock at the rate of one share for each ten shares held, such rights to be granted to the holders of common stock on a record date to be fixed by the board of directors. Offering price will be supplied by amendment.

Proceeds—Of net proceeds, $23,662,290 is to be applied, concurrently with the issuance of the 350,000 shares of first preferred stock, $4.50 series, to the redemption of 164,818 shares of 7% cumulative series prior preferred stock and 37,710 shares of 5% cumulative series prior preferred stock presently outstanding. The balance is initially to become part of the corporation's general funds and as such may be applied to any corporate purposes. Company intends to utilize such balance together with a portion of its future net earnings, and possibly also a portion of its present cash resources, to carry out an extensive program for additional plant facilities.

Registration Statement No. 2-5323. Form A-2. (3-22-44).

TUESDAY, APRIL 11

KATZ DRUG CO.—$1,500,000 15-year 4% sinking fund debentures due April 1, 1959.

Address—1130 Walnut Street, Kansas City, Mo.

Business—Principal business is the operation of retail drug stores.

Underwriting.—A. G. Becker & Co., Inc., Chicago, is named principal underwriter, with names of others to be supplied by amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—A portion of the net proceeds will be used to repay bank loans of $800,000. The remainder of the proceeds will be added to the company's general funds and will be used by the company to purchase inventory, to carry larger bank balances and for other corporate purposes.

Registration Statement No. 2-5325. Form S-1. (3-23-44).

MENGEL CO.—$2,500,000 sinking fund debentures, due April 1, 1959. The interest rate is to be completed by amendment.

Address—1122 Dumesnil Street, Louisville, Ky.

Business—Company is the largest manufacturer of hardwood products in the United States, and also manufactures corrugated shipping containers.

Underwriting—The underwriters are F. S. Moseley & Co., Boston; Metropolitan St. Louis Co., St. Louis; Hemphill, Noyes & Co., New York, and J. J. B. Hilliard & Son, Louisville.

Offering—Price to the public will be supplied by amendment.

Proceeds—Will be applied to the redemption at 100½% of the principal amount thereof plus accrued interest to date of redemption, of $1,568,000 face amount of first mortgage 4½% convertible sinking fund gold bonds, due March 1, 1947, being all bonds outstanding under the company's indenture dated as of March 1, 1937 and balance added to general funds of company.

Registration Statement No. 2-5324. Form A-2. (3-23-44).

CONSOLIDATED CIGAR CORP.—40,000 shares of cumulative preferred stock (no par value). The dividend rate will be filed by amendment.

Address—444 Madison Avenue, New York City, N. Y.

Business—Corporation and its subsidiaries are engaged in the business of manufacturing and selling cigars.

Underwriting — The underwriting group follows: Eastman, Dillon & Co., N. Y.; A. G. Becker & Co., Inc., Chicago; H. M. Byllesby & Co., Inc., Chicago; Central Republic Co., Inc., Chicago; Charles Clark & Co., N. Y.; Ferris & Hardgrove, Seattle; Hemphill, Noyes & Co., Inc., N. Y.; W. C. Langley & Co., N. Y.; Lehman Brothers, N. Y.; Loewi & Co., Milwaukee; McDonald-Coolidge & Co., Cleveland; Merrill Lynch, Pierce, Fenner & Beane, N. Y.; Merrill, Turben & Co., Cleveland; Milwaukee Company, Milwaukee; Moore, Leonard & Lynch, N. Y.; Mullaney, Ross & Co., Chicago; Paine, Webber, Jackson & Curtis, N. Y.; Piper, Jaffray & Hopwood; Riter & Co., N. Y.; Rogers & Tracy, Inc., Chicago; Stein Bros. & Boyce, N. Y.; Stix & Co., St. Louis, and Dean Witter & Co., San Francisco.

Offering—Offering price to the public will be supplied by amendment.

Proceeds—Proceeds from sale of preferred stock, together with other treasury funds, are to be applied to the redemption in May, 1944, of the 38,162 outstanding shares of its 6½% cumulative prior preferred stock at $105 per share and accrued dividends.

Registration Statement No. 2-5326. Form S-1. (3-23-44).

WEDNESDAY, APRIL 12

KLINE BROTHERS CO.—$500,000 5% sinking fund notes, due March 1, 1954.

Address—132 West 31st Street, New York City, N. Y.

Business—Company operates, either directly or through subsidiaries, 18 retail department stores located in various cities in the States of Illinois, Michigan, Ohio, Iowa, Missouri and Georgia.

Underwriting — Illinois Securities Co., Joliet, Ill.

Offering—Price to the public is 100.

Proceeds—Net proceeds will be applied as follows: To redemption of $243,600 face amount of 5% sinking fund notes, due May 1, 1952, at 100, $243,600; to renewal of equipment, etc., $75,000; for working capital $74,295, and for post-war expansion, $80,000.

Registration Statement No. 2-5327. Form A-2. (3-24-44).

THURSDAY, APRIL 13

AMERICAN OPTICAL CO. — 230,000 shares of common stock (no par). Of the total 167,490 shares are to be offered by the company and 62,510 shares represent shares presently outstanding and to be sold by ten vendor trusts.

Address — 14 Mechanic Street, Southbridge, Mass.

Business—Company and its subsidiaries constitute one of the world's largest manufacturers and distributors of optical and ophthalmic products.

Underwriting—Harriman Ripley & Co., Inc., and Estabrook & Co., head the group of underwriters, with the names of others to be supplied by amendment.

Offering — Underwriters are providing the shareholders of American Optical Co. (other than the vendor trusts and those shareholders having a beneficial interest in such trusts) of record on a date to be filed an opportunity to purchase shares of this offering on the basis of one share for each three shares held at a price to be named.

Proceeds—Net proceeds to the company from the sale of 167,490 shares will be used, in part, as additional working capital. Proceeds from sale of stock by vendor trusts will go to the selling stockholders.

Registration Statement No. 2-5328. Form A-2. (3-25-44).

SATURDAY, APRIL 15

NATIONAL CONTAINER CORP.—$4,500,000 5% 15-year sinking fund debentures due April 1, 1959.

Address—Borden and Review Avenues, Long Island City, N. Y.

Business—Engaged in the manufacture and sale of kraft pulp, kraft paperboard, corrugated and solid fibre shipping containers.

Underwriters—Van Alstyne, Noel & Co., New York, is named principal underwriter with names of others to be supplied by amendment.

Offering—Price to the public is 100% plus accrued interest from April 1, 1944.

Proceeds—Of net proceeds, approximately $2,844,500 will be applied to the redemption of the company's presently outstanding 5½% debentures, bank loan, notes or bonds and mortgages, and approximately $556,000 will be applied to the redemption of the presently outstanding first mortgage bonds and 5% note of Bedford Pulp & Paper Co., Inc. The sum of $246,300 will be used to reimburse the company and its subsidiaries for cash expended to acquire Bedford Pulp & Paper Co., Inc. The remainder of the net proceeds, amounting approximately to $553,200 will be added to general funds of the company.

Registration Statement No. 2-5329. Form S-1. (3-27-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN CASUALTY CO. OF READING, PA.—100,000 shares capital stock (par $5), to be offered to stockholders of record March 10 at $11 per share in ratio of one new share for each share held. Rights expire about April 20, 1944. Proceeds for working capital. Filed Feb. 18, 1944. Huff, Geyer & Hecht, Inc., principal underwriters. Details in "Chronicle," March 9, 1944.

BEN-HUR PRODUCTS, INC. — $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951 and 11,400 prior preferred shares (for purpose of conversion). Proceeds to retire bank loans and working capital. Pacific Co. of Calif. and Wyeth & Co. named underwriters. Filed Dec. 20, 1943. Details in "Chronicle," March 9, 1944.

OKLAHOMA NATURAL GAS CO.—$18,000,000 first mortgage bonds due April 1, 1961 and 180,000 preferred shares, series A cumulative (par $50). Proceeds for refunding. Underwriting syndicate headed by Morgan Stanley & Co. and Smith, Barney & Co. won March 28 in competitive bidding the award of $18,000,000 of first mortgage bonds. The winning bid was 101.0939 for the issue as 2⅞s due in 1961. Company also sold 180,000 shares ($50 par) preferred stock to a group headed by the Stone & Webster and Blodget, Inc. on a bid of $50.50 for a 4¾% dividend rate.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

SOUTH COAST CORP.—$1,500,000 first mortgage 5% bonds due Dec. 31, 1955. Proceeds to redeem $998,405 general mortgage income 6s and for working capital. Paul H. Davis & Co. principal underwriter. Filed Jan. 24, 1944.

VIRGINIA ELECTRIC & POWER CO.—$24,500,000 first and refunding mortgage bonds, series D 3½% due April 1, 1974 and 305,192 shares of $5 dividend preferred stock to be issued in connection with merger of Virginia Public Service Co. into Virginia Electric & Power Co. When merger becomes effective each share of V. P. S. 7% preferred and V. P. S. 6% preferred (including accrued dividends) will be converted into 1⅛ shares of new preferred and in addition each share of V. P. S. 7% preferred will receive $5.50 in cash. V. P. S. common will be converted with V. E. & P. Co. common. Each share of V. E. & P. Co. old preferred will be converted into one share of new preferred and will receive cash for accrued dividends to merger date. V. E. & P. Co. common will remain outstanding. Bonds will be offered at sale through competitive bidding. Filed Feb. 28, 1944. Details in "Chronicle," March 16, 1944.

NLRB Receives Case of Employer Refusing To Deal With Union Lacking State License

The National Labor Relations Board is facing the problem of deciding whether an employer who refuses to deal with a union representative lacking a State license is guilty of violating the National Labor Relations Act, said a special dispatch from Washington on March 22, to the New York "Times" which continued:

The NLRB was advised by Eppinger & Russell Company of Jacksonville, Fla., that an interim report by Frank Bloom, NLRB trial examiner, which had held the company guilty of violating the Labor Act, was itself a violation of the 10th Amendment of the Federal Constitution. This amendment deals with the powers of the Federal Government and those resident in the State.

The controversy probably will go to the Supreme Court if the NLRB upholds its trial examiner. The case will be a direct test of the Florida law which requires that union business agents be licensed. It may also test similar laws passed in Texas, Kansas, Alabama and Colorado.

The company refused to bargain with Anne Mathews, business agent of Local 4A, United Agricultural Packing and Allied Workers of America (CIO), alleging she did not have a State license to pursue her work.

The trial examiner ruled that it is not a valid defense to urge that the business agent of the union had failed to obtain a license under the Florida law.

The exceptions filed today by the company put the Bloom report and recommendations before the NLRB for its decision.

No New Peaks In Factory Employment, Earnings, Hours In January For First Time Since July, 1940

In January, for the first time since July, 1940, there were no new peaks in the National Industrial Conference Board Indexes of hourly and weekly earnings, hours worked per week, employment, total man hours worked, and payrolls in 25 manufacturing industries, according to an announcement by the Board yesterday.

Hourly earnings at $1.045 equaled the figure for December and compared with $.979 in January, 1943. They were 37.7% higher than in January, 1941, the base date of the Little Steel formula. At $47.42 in January, average weekly earnings were above the $47.15 (revised) figure for December, but below both October and November. In January, 1943, they were $43.53. The increase since January, 1941, was 54.9%.

"Real" weekly earnings, or dollar earnings adjusted for changes in living costs, in January at 171.5 (1923 equals 100) were higher than the 170.5 (revised) for December, but below September, October and November. In January, 1943, the figure was 161.4. During the three-year period from January, 1941, to January, 1944, "real" weekly earnings rose 28.3%.

The length of the average work week in January was 45.2 hours against 45.1 in December. In both October and November, however, the average work week was 45.5 hours. In January, 1943, it was 44.3 hours.

The man hours index (1923 equals 100) was 136.2 in January against 137.2 in December and 131.7 in January, 1943. The payroll index, also on a 1923 base, stood at 264.1 in January against 265.1 in December, and 239.5 in January, 1943.

CCC Wheat Loans

Commodity Credit Corporation through March 11, 1944, had completed 121,161 loans on 129,638,890 bushels of 1943 wheat in the amount of $161,742,752.43. The wheat loans made include 45,170,629 bushels stored on farms and 84,468,261 bushels stored in warehouses. The average amount advanced was $1.248 per bushel, which includes some transportation charges from the area of production to warehouse locations. Liquidations to date amounted to 79.416,061 bushels of which 13,316,734 bushels were stored on farms and 66,099,327 bushels stored in warehouses. On March 11, 1943, 533,232 loans had been completed on 405,501,606 bushels in the amount of $458,262,794.65.

Outlook Attractive

Columbia Broadcasting System offers a good yield and excellent opportunity for growth (despite the fact that at current levels it is selling not far from the highest price in its history) according to the study of the situation prepared by Newburger & Hano, Stock Exchange Building, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this interesting study may be had from the firm upon request.

Attractive Situations

The current situation in Du Mont Laboratories and Loft Candy Corporation offer attractive possibilities according to a memorandum issued by J. F. Really & Co., 111 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

N. Y. Bank Stocks Interest'g

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have issued an interesting comparative analysis of leading New York City Bank stocks. Copies of this analysis may be had from the firm upon request.

Attractive Situation

Empire Steel Corporation offers attractive possibilities according to a detailed memorandum being distributed by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request from Hill, Thompson & Co., Inc.

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"Our Reporter On Governments"

By E. P. TEE

Are the commercial banks slated to come back into the war-financing program again in a substantial way after being eliminated from the past two drives? . . .

The Fifth War Loan drive is scheduled for early in June. . . . Secretary Morgenthau has announced the goal at $16,000,000,000. . . . A description of the issues to be offered and the terms of the drive are expected over the coming week-end. . . . It is generally believed that the commercial banks will again be excluded. . . .

However, some officials apparently are dubious about the Treasury's ability to raise sufficient funds in these successive drives to meet the requirements of the situation, even though oversubscriptions have been reported in each instance. . . .

COMING LOAN A TEST

If the next loan demonstrates that the amount raised from non-bank investors shows no material change from previous drives, the question of commercial bank participation doubtless will be reconsidered. . . . Indication of this was given by the Federal Reserve Bank of New York in its February "Review." . . .

After discussing the President's budget message and explaining the adjustments in arriving at net public borrowings, the bank stated: "After these adjustments, net public borrowing is estimated at $52,700,000,000 for fiscal 1945, compared with $54,200,000,000 for fiscal 1944. . . .

"The amount of this borrowing, which will have to be obtained through the banking system, will depend, of course, on the net absorption of Government securities by individuals, corporations and institutional investors. . . . During the calendar year 1943 net takings by non-banking investors (excluding Federal agencies and trust funds) amounted to about $28,000,000,000. . . . Unless this net absorption by non-banking investors is increased substantially, **the banking system will still be called upon to furnish between $20,000,000,000 and $25,000,000,000 annually if the deficit is of the magnitude indicated by the budget estimate."** . . .

MEETING THE NEEDS

In short, the Federal Reserve Bank of New York apparently thinks that the Treasury's drives to date for investor funds is falling short of the job of raising the necessary money to meet the costs of the war outside the commercial banking system. This means resumption of bank participation in future war financings, unless the various drives make considerably deeper inroads into the public's wartime savings. . . .

The savings are available as surveys by the Securities and Exchange Commission, the Federal Reserve banks and Life Insurance Institute indicate. . . . They must be transferred from bank deposits to war bonds, which means that in future drives particular emphasis must be placed on selling special groups and sections such as the farmers and the war centers. . . . Previous drives have skimmed the cream off the market. . . . It is now necessary to ring doorbells more frequently than in the past. . . .

RESERVE POSITION

Inasmuch as the banks are now functioning with limited excess reserves, any increased participation in the war financing will necessitate the supplying of the banking system with additional excess reserves or readily investable funds. . . . This can be provided either through heavier open-market purchases or a general reduction in reserve requirements. . . .

The gap which looms between the estimated budget deficit and the drive subscription totals that appear likely from individuals is apparently what the Federal Reserve Board had in mind when it stated in its March bulletin:

"It is possible that with the levelling off of economic activity the growth in bank deposits and currency may be smaller this year than last, but the amount of individual and business income in excess of current needs will continue large and it is difficult to know how much of the consequent growth in liquid assets will be held in the form of Government securities and how much in bank deposits and currency. . . . **The course of action pursued by the public in this matter will largely determine the amount of funds which the Reserve System will need to supply during the year through purchases of Government securities."** . . .

If this statement means anything, it indicates doubt as to the extent of future increased investment of wartime savings by individuals in Treasury securities. . . . It also indicates clearly that in the event that the commercial banks need additional reserves, presumably to aid in the Treasury's war financings, these will be supplied through open-market operations rather than through a general reduction in reserve requirements. . . .

The outlook, therefore, appears to be about as follows:

Banking officials question whether the Treasury's periodic bond drives alone will close the gap that the budget estimate indicates must be met. Since an increase in taxes is out for the time, the banks are likely to be called upon again to subscribe to Treasury issues in large amounts to close this gap. . . . To make this possible, open-market operations on a large scale will be resorted to by central banking authorities and reserve requirements will be maintained at the current rates.

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INDEX

Page
Bank and Insurance Stocks.........1306
Broker-Dealer Personnel Items......1325
Calendar of New Security Flotations 1327
Canadian Securities 1310
Mutual Funds 1308
Municipal News and Notes..........1323
Our Reporter on Governments.....1328
Our Reporter's Report..............1305
Public Utility Securities...........1302
Railroad Securities 1303
Real Estate Securities..............1305
Security Salesman's Corner.........1323
Tomorrow's Markets—Walter Whyte Says 1322

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Chester Bowles Favors Early End Of Price And Rationing Controls

(Continued from First Page)

when this will be, of course, will depend on developments which cannot be exactly appraised. But as I read some opinions on the subject, I am inclined to think my own view is more optimistic than that of most others.

"It is well remembered that the inflationary pressures of the first World War reached a peak well after that conflict was over. Commodity prices, for example, continued to rise until the summer of 1920, nearly two years after hostilities ceased.

"The basis for that development was the lack of realization by industry of the extent of the pent-up demand for non-war goods, which had been built up during the war and tardiness in converting to a basis of peace-time manufacture so as to meet this demand. Little or no thought was given to details of the reconversion problem while the war was on or even immediately thereafter.

"Today, although we are still involved not alone in one but in two wars, industry and government are intensively planning means of shifting back to a peace-time economy with the minimum of disruption.

"This procedure should be smoothed if, as seems likely, the war with Germany and the war with Japan end at different times. We would then need to continue war production only to the extent required to fight the remaining conflict, presumably with Japan, and could immediately proceed to convert the balance of our manufacturing plants to peace-time output. In other words, need for controls might shrink materially even before we entered the real post-war period, with both enemies defeated.

"Naturally, the conversion process in the soft goods industries, clothing, shoes, etc., ought to take less time than in heavy industries. I should anticipate that, in a relatively few months after defeat of Germany, supply and demand in those lines could be brought into balance, permitting removal of price and rationing controls wherever they existed.

"Conversion from a war to a peace basis in heavy industries can hardly be immediate. Retooling plants for the manufacture of automobiles, refrigerators and household equipment rather than of guns, tanks and planes will take time just as did the reverse procedure in 1940-42.

"But, as outlined, we have already begun to lay plans to carry out reconversion, plans which were lacking in World War I. In addition, our manufacturing capacity is much greater today than when we entered this war, with about 20 billion dollars worth of new factories built in the interim. A reasonable balance between supply and demand in consumer goods industries could well be realized following conversion of only a portion of these plants to peace-time output.

"From another standpoint, in most instances the original maker of consumer durable goods products, vacuum cleaners, refrigerators, automobiles, etc., has final control over the price at which his product passes to the consumer. Consequently, our price controls in this field during the reconversion and immediate post-war period may be of a greatly simplified type.

"On food, we shall probably have to retain price and rationing controls until such time after surrender of Germany as the first European harvest can be gathered.

"In closing, let me emphasize that there is no group of people in the country who are quite as anxious to be rid of controls as those of us who work for OPA. We carry large responsibilities. We work long hours under heavy and conflicting pressures. In those few instances where conditions have made it possible to discontinue a control program, such as coffee rationing, we have unhesitatingly done so. We will welcome the day when we can do likewise on all products now subject to rationing or price controls."

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The Financial Situation

It has been frequently said that the strength that the Roosevelt regime had shown in foreign affairs more than offset in the public eye the evident shortcomings of its domestic policies. The foreign policies of the Administration, so it was often proclaimed, had been characterized by foresight, and time had proved them able and shrewd. This view appears now to be losing ground. There is still little disposition—openly at any rate—to question the wisdom of the long course of policy which finally gave rise to our participation in the present global conflict and, so far as the rank and file of the people are concerned, there may not be much disposition to call the President's earlier generalizations about war aims and post-war policies into dispute.

Our Foreign Policy

At the same time it is evident enough that doubt is arising in many quarters about the precise nature of our present policy and, more particularly, about the degree in which the President has been able to reach, or shows promise of being able to reach, working understandings with our allies in this war. Commenting upon this general state of affairs in the New York "Times" of March 26, Arthur Krock had this to say:

"The Secretary of State, Cordell Hull, sought all this week to allay and satisfy questions that have arisen in Congress and in the country with respect to our diplomacy and its specific application to various international problems that the war has posed and its victorious conclusion will multiply. The questions can be roughly summarized as follows:

"What are the present principles of our foreign policy and in what way have they been modified by events, or are likely to be?

(Continued on page 1332)

Inflation And City Property After World War II

Babson Says Real Inflation Will Come 1950-1955

BABSON PARK, FLA.—During World War I, prices of city real estate remained almost stationary; but between 1910-1920 the value of farm lands doubled. After the last war, we had from 1920-1926 a great industrial boom and city land prices greatly increased. Farm workers migrated to city industrial jobs at that time and farm prices dropped. This resulted in a tremendous slump in the value of farm land and lower crop prices.

Roger W. Babson

During World War II prices for city rents have increased about 8%; but with prices of agricultural products nearly 90% above pre-war levels, we again have greatly inflated farm land values. Will history repeat or reverse the relative position of farm and urban property?

City Booms and Current Trends

Booms are usually preceded by a rise in the net income of real properties and a subsequent rise in the sale prices of existing buildings. This stimulates new building and is followed by a demand for vacant land on which to build new properties. There results an over-supply of homes, apartments, stores, hotels and offices. Rents fall and new construction no longer becomes profitable. The demand for land drops and sales prices fall. This is the real estate cycle.

In 90% of 280 cities real estate prices have risen about 12% in the past two years. In Chicago, it is reported that apartment buildings increased in sales prices about $200 a room from 1936 to the middle of 1943. There has since been a further rise of 10-15%. Notwithstanding rent control, New York has seen a rising price for apartment buildings. In Boston there is a great demand for these properties at prices well above conservative values. In Miami, for similar structures, prices have increased 25-35% in the last three years.

What About Vacant City Land?

There has been very little price increase in vacant city land during World War II. Post-war de-

(Continued on page 1335)

The News Behind The News

By PAUL MALLON

WASHINGTON, D. C. — Mr. Willkie is beating the bushes of Wisconsin in a hotter hunt for delegates than any Presidential candidate ever attempted before.

Paul Mallon

While he flails on with great publicity (12 or 14 Washington political writers were invited to accompany him), the other Republican candidates, his adversaries, are quietly plucking a greater bulk of delegates.

Their ease is such that hardly a paragraph on the press association wires heralds attention to them, and, in some cases, their pickings have been concealed behind the official announcements that the delegates are "uninstructed."

For instance, New Mexico has chosen eight delegates, supposedly unpledged. If my information is correct, the choices were made to read seven for Dewey and one for Willkie.

At the head of the delegation is Mrs. Ruth Hanna McCormick Simms of the old Illinois isolationist McCormick family and Cleveland's Hanna, who is certainly NOT pro-Willkie.

Florida has chosen 15 delegates just as softly. Those who make it their business to know such things line up the delegation prospects as: Dewey 5, Willkie 5, MacArthur 2, Bricker 3.

In North Carolina Dewey won the whole delegation of 25 by unanimous action of the State Convention.

In New Hampshire, where the results were more widely proclaimed, the results were not as

(Continued on page 1333)

GENERAL CONTENTS

Editorial

Page
Financial Situation 1329

Regular Features

From Washington Ahead of the News 1329
Moody's Bond Prices and Yields.....1340
Items About Banks and Trust Cos..1344
NYSE Odd-Lot Trading..............1341
Trading on New York Exchanges....1341

State of Trade

General Review.......................1330
Commodity Prices, Domestic Index.1341
Weekly Carloadings 1343
Weekly Engineering Construction...1341
Paperboard Industry Statistics......1343
Weekly Lumber Movement..........1343
Fertilizer Association Price Index...1342
Weekly Coal and Coke Output......1340
Weekly Steel Review.................1339
Moody's Daily Commodity Index....1340
Weekly Crude Oil Production.......1342
Non-Ferrous Metals Market.........1342
Weekly Electric Output.............1340
Individuals' Liquid Savings for 1943 Reported by SEC..................1334

The Retailer's Stake In Reconversion

Chairman Of The Board Of The American Retail Federation Holds It Not Necessary To Wait For War's End For Reconversion, Since Peak Of War Production Has Been Reached, And Additional Civilian Goods Can Be Produced—He Urges Quick Settlement Of War Contracts And Early Decisions Of OPA In Fixing Prices On Products Again Coming Into The Market

Fred Lazarus, in an address before the annual meeting of the American Retail Federation, at the Waldorf-Astoria Hotel, New York City, on March 1, 1944, pointed out that "retailers cannot too strongly emphasize the fact that both the retailer and consumer desire only to consider reconversion problems insofar as they concern the economy after proper military provision has been made." On the basis of this understanding, he proposed an orderly disposition of government surpluses through the regular channels of distribution, and under the direction of a single authority. "Retailers favor a plan that permits acquisition of surpluses by small as well as large units of distribution," he declared.

Fred Lazarus

Continuing his address, Mr. Lazarus said in part:

"If, in 1943, we reached the rate of peak war production, and manufactured at the same time a nearly all-time high of civilian production, surely there can be no such thing as a reconversion period separated from a war and a post-war period, insofar as it concerns the use of our productive facilities.

"So, we are reconverting today and certain plants will reach their post-war program long before others. Some will be in their post-war program before the German war ends. Many will be in their post-war program before the Japanese war ends. It is important, therefore, that we examine carefully certain trends and certain policies under which reconversion and post-war conditions are developing. We must see if they are consistent with what retailers would regard as being in the best interests of their customers, meaning of course, in the best public interest.

"We will finish this war with an enormous debt. A substantial portion of the assets of America will be mortgaged. But, we will have tremendous intangible wealth. We have approximately 55 million people who have been

(Continued on page 1335)

From Washington Ahead Of The News

By CARLISLE BARGERON

Apparently the disclosure that our own boys shot down our own planes in the invasion of Sicily is leaving a profound impression on the country. Just as an example that these things are not unusual in war, there is the story of H.M.S. Illustrious off our shores shortly after we entered the war. The Illustrious had taken an awful pummeling at Malta. It came into Norfolk for repairs. The repairs took several months and it put to sea again. The second day out it misunderstood the signals of one of our cruisers. The cruiser opened up and sent the Illustrious back to dry dock for a longer time than it had spent before, not to mention the loss of British lives.

There is at least one known incident of an allied pilot shooting down an Allied transport plane with British and American passengers. There is another instance of American flyers going across the channel to bomb German stores in France camouflaged to look like a French town. They blasted a real town and missed the stores. The moral is that war is a very crazy business.

The bane of existence for rapidly advancing American troops in the last war was the failure of their supporting artilleryfire to keep ahead of them. If the artillerymen could have heard what the doughboys called them on such occasions they would have turned as red as a beet.

* * *

It is a treat for the sore eyes to see the political boys trying to draw Governor Dewey into the pre-convention Presidential campaign. Some of the efforts are sincere on the part of those who want to sew up delegates for him. But just about as much heat is being applied by those who want to hook him. The Governor himself, according to the well-nigh unanimous opinion of Washington observers, is playing a game which best insures his getting the nomination. If his well-wishers and enemies together succeed in getting him into the campaign, then the best bet for the nomination in this writer's opinion, a long shot, is Senator Bob Taft. With Dewey, Bricker and Willkie all in there pitching the very

(Continued on page 1337)

War And Post-War

This is no time to talk about demobilization. The hour of our greatest effort and action is coming. We march with allies who count on us as we on them. The eyes of our soldiers, sailors and airmen must be fixed on the enemy. The only homeward road lies through the arch of victory. The armies of the United States are here; our own troops stand at their side in equal numbers and true comradeship; leaders are appointed in whom we have faith. We shall require from all classes the same cool, strong nerves, the toughness of fiber, which stood us in good stead when we were alone under the German blitz.

Here I must warn you that to deceive and baffle the enemy there will be many false alarms, feints and dress rehearsals. We may be the object of new forms of attack. Britain can take it; she has never flinched. When the signal is given, the whole circle of avenging nations will hurl themselves on the foe and batter out the worst tyranny which has ever sought to halt the progress of mankind.—Winston Churchill.

No one, least of all Mr. Churchill, we are certain, would assert that in prosecuting the war we should act as if there were to be no post-war years.

There is much which needs constant attention by reason of its bearing upon post-war matters.

There is, however, such a thing as permitting post-war considerations and particularly, post-war dreaming, to hurt the war effort.

The State Of Trade

Reports from the heavy industries the past week reflect a slightly lower tendency with electric power production off modestly, while scheduled output of steel is expected to show a moderate contraction the current week. Carloadings, however advanced beyond the previous week's figures with retail trade recording gains over last year's business.

Demands of the military upon our civilian economy for manpower and materials of war, so pronounced in months past, still continue unabated, though in a somewhat lesser degree, making plans for post-war business rather difficult to formulate at this time. In an effort to prepare industry for the post-war period, Charles E. Wilson, President of General Motors Corp., before the House Special Committee on Post-War Policy last week, urged an immediate start be made on reconversion rather than waiting until after an armistice. He felt that a minute portion of critical materials could be put to vital use by making them available at the present time for experimental purposes to plants which will resume civilian production when war demands are over. The sharp increase in war contract cancellations lends added weight to Mr. Wilson's contention.

On the financial front, profit-taking hung like a cloud over the stock market the past week, forcing stock averages to lower levels. Industrials dipped to 139.19 from 140.30 the previous Saturday, with railroads touching 40.13 against 40.21, and utilities off to 23.47 from 23.93 one week ago, as reported by Dow-Jones. Since many issues not included in the averages resisted the trend and not only made new highs for the year, but were the best in several years, the averages do not give the full story of the market's performance. In the new capital market, bond flotations moved sharply upward in the week. The first industrial offering of size in a month made its appearance, being the $7,500,000 issue of Universal Pictures Co., Inc., debentures, and among the railroads, the first since January, represented by the $2,200,000 issue of the Chesapeake & Ohio Railway.

Turning to the production of electricity, we note that output decreased to 4,400,246,000 kilowatt hours in the week ended March 18, from 4,425,630,000 kilowatt hours in the preceding week, as reported by the Edison Electric Institute. The current figures represent a gain of 11.5% over a year ago total of 3,946,836,000. Consolidated Edison Company of New York reports system output of 206,171,000 kilowatt hours in the week ended March 19, and compares with 170,032,000 kilowatt hours for the corresponding week of 1943, or an increase of 21.3%.

Carloadings of revenue freight for the week ended March 18, totaled 786,442 cars, the Association of American Railroads announced. This was an increase of 4,909 cars, or 6/10ths of 1% above the preceding week this year, and an increase of 18,308 cars, or 2.4% above the corresponding week of 1943.

We learn from the same source that based on advance reports from the country's Class I railroads, whose revenues represent 81.5% of total operating revenues, estimated railroad operating revenues in February, 1944, were 9.3% more than in the same month of 1943. The foregoing estimate covers only operating revenues, giving no consideration to trends in operating expenses, taxes, or final income results. In addition, estimated freight revenues for the same period were greater than in the like period of 1943, by 6.1%, with estimated passenger revenues greater by 26.6%.

In the steel industry, according to "Steel" magazine, steel purchases have shown a tendency to ease the past week, due largely to the inability of mills to assure delivery of current orders until late in the year. The continued placement by government agencies of orders for sizable lots for nearby shipment, accompanied by directives for prompt delivery, has resulted in the deferment of other tonnages.

Production, "Steel" adds, "is running at a high point with tonnage movement from the mills at a record rate." Treating upon beehive coke production, "Steel," in its current issue had this to say: "Decline of beehive coke production, which has been progressing since the first of the year, has leveled off with about 1,000 ovens idle, and output now is well balanced with demand. Most of the suspended ovens providing merchant coke for blast furnaces are now idle."

Scheduled output of steel, according to the American Iron & Steel Institute, is placed at 99.1% of rated capacity for the week beginning March 27, equivalent to 1,775,200 tons of steel ingots and castings. This compares with operations at the rate of 99.2% and output of 1,777,000 tons a week ago, the latter figure representing a peak since Oct. 11, 1943.

Bituminous coal production slumped in the week ended March 18, from incomplete reports to the National Coal Association, approximating 11,920,000 tons, against 12,274,000 tons in the like 1943 period. Production for the year to date was approximately 138,655,000 tons, compared with 133,988,000 tons in the same period, one year ago.

Demand for paper continues to outstrip supply and the Office of War Information stressed the condition by calling for increased production combined with more drastic savings, including a step-up in the wastepaper salvage campaign. With respect to paper production for the week ended March 18, the American Paper & Pulp Association index of mill activity revealed that production was 92.2% of capacity, against 89.1% the previous week and 88.9% in the same period of 1943. Paperboard production for the week ended March 18, was unchanged from the previous week at 95% of capacity. According to pulpwood consuming industries, domestic pulpwood deliveries to the mills during February were 1,312,000 cords, representing an increase of almost 8% over those of January. This was more than 24% above receipts of the corresponding month last year, but the figures are a long way from the 14,000,000 cord goal set by WPB for the year 1944.

Last minute Easter trade kept ready-to-wear departments busy the past week filling requests and canceling outstanding orders, the delivery of which could not be executed, the New York "Times" reports. "Conditions in the cotton goods market continued very acute on many items, and requests from stores for practically everything in cotton goods, including piece goods, towels, sheets and bedspreads, were numerous," the report continued.

Looking into the department store sales in New York and Brooklyn, we note an increase of 20% in the week ended March 25, over the corresponding period of 1943. The same factors obtained the past week to uphold consumer demand, such as an early Easter and the rush to be ahead of the effective date for increased excise taxes.

Department store sales on a country-wide basis rose 17% for the week ended March 18, compared with the like week a year ago, the Federal Reserve Board reports, while sales for the four-weeks' period ended March 18, rose by 4% compared with a similar period last year, and by 1% for the year to March 18, over a like period one year ago.

To show how production for war purposes has brought about a depletion in merchandise inventories to meet consumer demand, the Department of Commerce reports such inventories of 432 independent department stores in 34 States off 2% from a year ago. It was also revealed that a total of 439 independent dry goods and general merchandise stores in the same States showed a decline of 4% at the year-end. On Dec. 31, department stores had $200,479,647 worth of goods on hand, or 11% of sales for the year, against $204,171,777, or 13%, at the close of 1942. Manufacturers' inventories on Jan. 31, stood at $18,000,000,000, a record high and a gain for the month of $250,000,000. At the close of January, durable goods industries' inventories reached a peak of $10,000,000,000, or $200,000,000 in excess of a year ago, while nondurable goods inventories rose $150,000,000 above those of last year, but were well below the June, 1942, peak.

Of interest to business and industry was the proposal of Chairman Eccles of the Federal Reserve Board on Friday, last, urging Congress to extend price and stabilization control legislation for a period of two years after the war. Inflation, according to Mr. Eccles, usually comes after a war rather than during the war and that is just the time when it would be fatal to break the controls.

Writer Of "Why A New League Of Nations Will Not Ensure Permanent Peace" Replies

Editor, "The Commercial and Financial Chronicle":

Some friendly readers of "Why a New League of Nations Will Not Ensure Permanent Peace," published in your March 9 issue, have prevailed on the writer to reply to your correspondent, Mr. William Garfield Lightbowne, whose critical review appeared in the March 16 issue. Ordinarily, the writer would be disposed "to rest the case" and forego making any comment after reading Mr. Lightbowne's strictures, but for the fact that his principal contention is not in accordance with the facts. I beg leave to quote Mr. Lightbowne:

> "Mr. Wilson devotes several columns to demonstrating (1) that man is by nature a quarrelsome and bloodthirsty brute; (2) that all great Powers, **our own country included, are imperialistic** and devoted first and foremost to the pursuit of their own selfish interests; and (3) that any attempt to set up a world organization to keep the peace is bound to fail because the nations lack the "moral character" to live up to the high purposes of a League of Nations."

Is the United States An Imperialistic Country?

If my critic had read the article understandingly, he would not have erred in construing my statement that the United States is an imperialistic country for I clearly stated that the United States is the only Great Power in the world **today** which is a non-imperialistic country. To substantiate this fact, may I quote my exact words as on page 1021 of the March 9 "Chronicle":

> "The United States is the only nation on record which has liberated another country (Cuba) and pledged independence to one of its possessions (the Philippines) and may in the course of time grant independence to the peoples of Hawaii and Puerto Rico if they desire to separate from our country. It should be recalled that the United States was the only nation in World War I not to demand reparations or territorial settlements and **is the only Great Power in the world TODAY which is a non-imperialistic country."**

The nearest the United States came to being imperialistic may be said to be the time when we broke our treaty with Colombia because of that country's stalling and hold-up tactics during the Panama Canal route negotiations which resulted in the United States taking over Panama for a payment of $25,000,000.

The Writer Tosses The Ball Back To His Critic

My critic takes me to task for avowing a complete lack of faith in any world peace organization which can successfully and permanently prevent war. After criticizing the two peace-making proposals which I advanced, Mr. Lightbowne says: "Therefore, says Mr. Wilson, 'Why chase rainbows? To sentimentalize, moralize or dogmatize about peace is dangerous and will be fatal to America in the world to come.' Nevertheless, after this completely pessimistic, not to say cynical, review of history, he ends his thesis on an entirely different note by quoting the words of Jesus, 'Blessed are the Peacemakers, for they shall be called the Children of God.' Was this astounding juxtaposition of ideas intended as sarcasm, or is Mr. Wilson merely naive?"

If I wished to twit the gentleman, I would toss the ball back to him by saying he is naive in thinking it is possible today to establish universal and everlasting peace on this earth. "Naive" is a rather fancy **$64** word and, like the words "materiel," "communique" and other wartime parlance, is being worked to death these days by moderns who like to display the latest fashions in lexicology. On the other hand, I do not know why Mr. Lightbowne used such tame words in saying I was either sacrastic or naive when other kind-hearted individuals might have chosen such bedeviling epithets as isolationist, pacifist, iconoclast and misanthrope, any one of which would, if true, make an Indian blush with mortification.

The Curse Of Imperialism, The Most Pregnant Cause of World Wars

Mr. Lightbowne devotes much of his critique to describing the horrors, magnitude and military science of modern war and then adds—"This is total war, and it is to this prospect that Mr. Wilson would consign mankind without a struggle to avert it." To this I would retort that Mr. Lightbowne has missed the point and purpose of my article which was primarily a presentation of reasons to prove why the old League of Nations failed and why a new League of Nations will not succeed in enforcing permanent peace in an uncivilized world because wars will continue until the end of time unless the Great Powers abandon the curse of Imperialism. At great length, I gave a recital of the facts gleaned from records of the Great Powers to prove that there can be no effective enforcement of World Peace nor can a real League of Nations function in the future under present conditions. Modestly speaking, I and 136 million other Americans are as much concerned about the preservation of peace and the future welfare of mankind as any one else on this Globe but if we are not adolescents or wishful thinkers we are forced to acknowledge the cold facts of history and whatever our personal predilections for a future peaceful world, we must look at the world with cold-blooded realism and not close our eyes to the moral character of the Great Powers and the conditions that will continue to exist while Imperialism endures.

Shall We Be A Victim Of Power Politicis?

Mr. Editor, may I be pardoned if I transgress upon your valuable space to say to your readers that I want to see my country win World War II, but more than that I want to see my country Win the Peace. I do not want to see my country made the pawn for Great Britain which is an adept in playing one nation against another, a method by which Britain has held the balance of power in Europe for over 300 years. I do not want to see my country mixed up with Britain, France, Russia, Japan or Germany in their intrigues and machinations to dominate Europe, China, Africa or any other part of the world. And mark these words:—Britain will not sit idly by if Russia succeeds in dominating Europe in the years after this War is concluded.

For Free And Above-Board Diplomacy

Mr. Editor, I want my country to go to the Peace table with open eyes and a full realistic knowledge of past and present records, policies and purposes of the Great Powers, both our Allies and Germany and Japan, and not be tricked by the trained statesmen of Europe into peace settlements and commitments which will afterwards be inequitable both to the American people and all mankind.

In an open-minded manner, ex-President Hoover and Hugh Gibson in "The Problems of Lasting Peace" call for a full and free discussion of Peace proposals viz:

> "The purpose of this war, the most terrible of three centuries, is to make a lasting Peace. We must first win the war. But we will not win lasting peace unless we prepare for it. And we can prepare only by full and free public discussion, by the cold surgery of analysis."

Recalls How Lloyd George And Clemenceau Outsmarted Wilson

The same old gang of diplomats will gather around the Peace table and the representatives of our nation will be dined and wined, flattered, cajoled, bluffed and bidden to be good fellows, internationalists, one of the big "3" directing the affairs of the world when in truth our role would only be that of meddlers, and muddlers in Europe's political problems and future wars.

Here, in a word, is the reason for writing "Why A New League of Nations Will Not Ensure Permanent Peace" and I shall, God willing, continue to do everything with my pen to defeat the ulterior motives of any and all foreign countries to entangle the United States in their aggrandisements.

George Washington's Sage Advice

I wish, Mr. Editor, every reader of the Chronicle would read again the prophetic utterance of George Washington:

> "Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor or caprice? It is our true policy to steer clear of permanent alliances with any portion of the foreign world."

We are in for a tough, hard war. Over a million lives of our boys may be the price we will pay before the Church bells ring out the Peace hour. The casualties of the U. S. armed forces in World War I totaled 350,000 killed, wounded and missing or about 8% of the mobilization of 4,500,000 men. Twenty-six years ago I prophesied Germany would start another war within 25 years. This statement from my March 9th article may be worth repeating to your readers: " . . . We may see Britain and France allied with Germany in a future war to defeat the Russian menace of European Communism". Twenty-five years for this tragedy to materialize is a safe guess and if our country is drawn into it, as seems likely, you can surmise which side we will be obliged to take.

Mr. Lightbowne infers that I am against a world organization devised to preserve peace. I am for any international peace agency that will prevent another world war even though it is for only a short period of time, but it is too much to expect that world peace will be permanent. This country will not be found wanting in rendering sensible and sincere international cooperation but it would be unwise for us to form alliances or enter into secret or unwritten agreements with any Power great or small.

Who Should Represent Us At The Peace Table

One of my correspondents writes to ask for the names of the gentlemen I would choose to represent our country at the Peace Conference. My preference would include Herbert C. Hoover, who knows Europe's diplomatic pitfalls better than any other American and who "has their number"; Alfred E. Smith whose homespun and practical political and administrative experience will see through diplomatic subterfuges; Thomas W. Lamont, America's leading banker statesman; ex-Chief Justice Charles Evans Hughes, Wendell L. Willkie, Hugh Gibson, ex-Minister to Belgium, Eric Johnston, J. Herbert Case and of course Bernard M. Baruch and Cordell Hull.

To this list I would add Senator Robert A. Taft, Senator Tom Connally, Senator Alben Barkley, Senator Burton F. Wheeler, Senator Walter F. George, Congressmen James W. Wadsworth, Hatton W. Sumner, Sam Rayburn and J. Reuben Clark, Jr., a recognized authority on international law and whose recent brilliant address before the Los Angeles Bar Association was printed verbatim in the "Chronicle" of March 16.

Should The President Stay In Washington?

Whoever is President of the United States during the Peace Settlements will be in a better position to deliberate and advise our Peace delegation if he stays home in the White House and does not repeat the mistake Woodrow Wilson made by attending the Versaille conference in person. Joe Stalin, considered to be the most realistic of European leaders, will most likely stay at home directing and passing judgment on his peace delegation's moves from the Kremlin, Moscow. Our President can get the country's reactions to the Peace negotiations with greater accuracy if he remains in Washington.

Secretary Lansing On Pres. Woodrow Wilson's Mistakes

Mr. Editor, I think it is quite pertinent to quote former Secretary of State Robert Lansing on this point:

> "The principal subjects, concerning which President Wilson and I were in marked disagreement, were the following: **His presence in Paris during the peace negotiations and especially his presence there as a delegate to the Peace Conference;** the fundamental principles of the constitution and functions of a League of Nations as proposed or advocated by him; the form of the organic act, known as the "Covenant", its elaborate character and its inclusion in the treaty restoring a state of peace; the treaty of defensive alliance with France; the necessity for a definite program which the American Commissioners could follow in carrying on the negotiations; the employment of private interviews and confidential agreements in reaching settlements, a practice which gave color to the charge of 'secret diplomacy'; and, lastly, the admission of the Japanese claims to possession of German treaty rights at Kiao-Chau and in the Province of Shantung."

How To Organize The World For Peace

In concluding his critique, Mr. Lightbowne poses this statement:

> "So let us have done with the defeatist attitude that because a thing never has been done, therefore it never can be done. New times require new measures. Let us strive rather to measure up to the tasks which destiny has laid upon our generation. And the foremost of these is the problem of organizing the world for peace."

Ex-President Theodore Roosevelt, who was not a sentimentalist or dreamer, had the answer for that and I give it now: "Speak softly and carry a big stick, you will go far."

"Si Vis Pacem Para Bellum."

The above Latin quotation, "If you wish Peace, prepare for War," carries more significance to the exponents of Imperialism and is the only language the Great Powers understand and respect.

A Navy And Air Service As A Preventative of War

Finally, Mr. Editor, may I utter a hope that when this fateful and horrible war is ended, we will maintain a two ocean navy—equal to the combined navies of any two powers, and that we will maintain an air service equal to the combined forces of any two Powers. That, I think, would sum up Theodore Roosevelt's 100% Americanism in concrete form. And for the next hundred years this, in my opinion, is the best insurance our country can buy.

To my friend and fellow American, Mr. Lightbowne, I propose a toast:

> "The U. S. of America—our Country, the home of individual liberty and representative Government—but Our Country First, Last and All the Time."

I think we can both subscribe to that sentiment.

ALEXANDER WILSON.

Summit, N. J.
March 29, 1944.

Living Costs Down In Industrial Cities

The cost of living for wage earners and lower-salaried clerical workers in February declined in 51 of 63 industrial cities surveyed by the National Industrial Conference Board. Living costs were higher in 10 of the cities and remained unchanged in two of them, says the Board, which on March 27 also said:

"The largest decline, 2.3%, occurred in Newark. There was a drop of 1.0% or more in Memphis, Philadelphia, and Wilmington, Del. Nowhere else was the decline as great as 1.0%. The largest increase, 0.7%, occurred in Cleveland. For the United States as a whole, the cost of living was 0.5% lower.

"Living costs were higher this February than in February, 1943, in 57 cities. Denver recorded the largest increase during the 12-month period with an advance of 4.1%. The smallest was shown in Buffalo, where it rose only 0.2%. Four cities, Detroit, Philadelphia, Portland (Ore.) and Rockford, showed declines while two others showed no change. The cost of living for the United States as a whole stands 1.5% higher than a year ago and 20.2% above January, 1941.

N. Y. State Safe Deposit Group Names Officers

Vernon J. Irvin of the Rochester (N.Y.) Savings Bank, has been elected President of the New York State Safe Deposit Corp., Genesee group. The Rochester "Times Union" of March 7 reporting this added:

"He succeeds Herbert F. Ryan of the East End Office of the Lincoln-Alliance Bank & Trust Co., who automatically becomes Chairman of the Board.

"Other new officers are: Vice-President, Miss Emma J. Vayo, Rochester Trust & Safe Deposit Co.; Secretary, Miss Jean F. Woodside, Rochester Savings Bank, and Treasurer, William J. Flynn, West End office, Lincoln-Alliance Bank & Trust Co."

Favorable Reconversion Points

In his annual Year End Review, Henry H. Heimann, Executive Manager on leave of the National Association of Credit Men, names the following as points favorable for a start on reconversion to eventual peacetime production:

(1) The farmer will undoubtedly be prosperous throughout 1944, war or no war.

Henry H. Heimann

(2) To the extent critical material shortages are relieved, the vast backlog of civilian needs will fill the gap of any letdown in certain types of war production.

(3) The year just ahead will see the peak of liquidation of small business, with a rising psychology in favor of the efficiently operated small business enterprise.

(4) There will be in preparation a large program in home construction.

(5) Railroads will come into the market for replacement before the close of the war or as quickly as critical shortages are overcome.

(6) There will be credit in abundance for the deserving.

(7) Foreign trade will present broad possibilities as the press of hostilities slacken.

On the other side of the calendar, Mr. Heimann points to several basic problems which can cause no end of difficulty for the industrial world. Among these are the need for fair and equitable settlements of terminated war contracts; a renegotiation policy that is fair-minded and farsighted to the end that manufacturers may start now to set aside funds for reconversion to peacetime production; labor must take up a full partnership in the team with industry; there must be a change in the attitude of government toward business, with the recognition that the old fable about killing the goose that lays the golden egg applies to the government's taxing policy.

Industry Representatives To Participate In Forum On Surplus War Materials April 12

Clifton E. Mack, Treasury Procurement Chief, To Be Guest Speaker

The Utilization of Surplus War Materials, considered by many as post-war number one business problem, will be the subject of an all-day forum at the Hotel Pennsylvania, New York, on April 12. Several Trade Associations in cooperation with the New York Board of Trade will present industry's point of view. A series of papers will be read at the morning and afternoon sessions by Chairmen of the various industry groups, which are:

Textiles and Apparel.
Electrical, Radio & Allied Equipment.
Chemicals, Pharmaceuticals, Drugs, etc.
Raw Materials.
Machinery, Machine Tools, etc.
Food Products.
Office Equipment & Supplies.
Automotive & Aeroplane Equipment.

Fred J. Emmerich, Vice-President of Block International Corp., is Chairman of the Board of Trade's Committee. Clifton E. Mack, Director U. S. Treasury's Procurement Division, will be the guest speaker at the luncheon session. Mr. Mack, sometimes called the largest civilian purchaser in the world, occupies the position of head of the Federal Government's central peace-time purchasing agency with more than 5,000 on his staff. In the Utilization of Surplus Materials, Mr. Mack changes his role to that of salesman.

It was pointed out at the New York Board of Trade headquarters that plans should be set up immediately as there are sure to be surpluses even before the termination of the war. The Board's announcement, issued March 23, also said:

"Victory day over Germany, in all probability, will make possible the liquidation of enormous stocks purchased by the Government with billions of dollars of taxpayers' money. This vast stockpile must be utilized without disrupting the nation's economy and throwing hundreds of thousands out of work. With this in view, invitations have been extended to leaders of labor to participate."

John B. Glenn, Vice-President of the New York Board of Trade, and President of the Pan American Trust Co., states that "warehouses, filled with manufactured products, will present problems akin to but even more serious than those of a decade ago, when we had surpluses of wheat, corn and other agricultural commodities. We should do something more intelligent than slaughtered pigs, plowed-under cotton and burned-up coffee. Then we could store a million bushels of wheat in a granary but what are we going to do with the hundreds of thousands of bull-dosers, typewriters, jeeps, radios, planes, parts and equipment, and the more than 50,000 categories of things we have bought for our armed services?" He added:

"Some will say immediately, 'Sell them and reduce the national debt.' The answer is not quite so obvious. Even if our Government could sell them, dollar for dollar, for what they cost, the proceeds will not pay off much of our expected $250,000,000,000 of debt. But such a course would definitely ruin some industries and create unemployment and we would be faced with certain economic collapse. We must come out of this war with an economy 'full-steam-ahead' if we are to save our own skins, much less, promote a better world order."

Treasury Cites New York Postal Employees

The presentation to Postmaster Albert Goldman of New York of a Fourth War Loan Citation and an Equipment Certificate in recognition of the achievement of approximately 18,000 postoffice employees of Manhattan and the Bronx in purchasing $2,028,718 in War Bonds during the Fourth War Loan, was announced on March 22 by John W. Richmond, Deputy Manager of the War Finance Committee for New York. The employees exceeded their quota by over $100,000, and provided funds for the purchase of six medium bombers, five ambulance planes and the equipment for a 1,000-bed general hospital. It is pointed out that the Fourth War Loan showing of these employees far exceeds the totals of $623,000 in the Second, and $1,385,884 in the Third War Loans.

The Financial Situation

(Continued from First Page)

"What definite steps have been taken by the Administration, beyond the few general moves that are on the record, to stress and enforce these general principles with our allies as they bear on visible problems?

"Has the over-all international peace organization endorsed at Moscow by the United States, Great Britain and Russia 'been abandoned in favor of piece-meal arrangements on various topics now deemed to have importance in the post-war world?' (Language in a letter addressed to the Secretary by 24 'freshmen' Republican members of the House.)

"The Secretary of State answered the first question by issuing 17 extracts from speeches he has made in the last two years. These, he said, constituted the general principles of our foreign policy, past, present and future—so far as the Administration is concerned. But to the other two questions, estimated in Congress and elsewhere as the most important ones, Mr. Hull, according to two groups on Capitol Hill with whom he met, did not give the replies that were being sought."

But regardless of the effort put forth, a number of recent developments have repeatedly raised the question whether the Administration has succeeded in reaching any very definite or practical understandings with Russia and Great Britain, or if it has, whether those understandings are consistent with the fine talk in which the President and Mr. Churchill used to be fond of indulging. The action of Russia in respect of the present Italian regime without previous knowledge on the part of either Great Britain or the United States has attracted a good deal of attention, as have the repeatedly indicated attitude of Russia toward territorial questions in eastern Europe. These and other similar incidents or developments from day to day are, however, only the more obvious indications of deviations in policy, social or economic concepts and aims on the part of at least three of the United Nations—or deviations of all of them from the general philosophy embodied in the so-called Atlantic Charter, if a consistent scheme of things can be said to be embodied therein.

Mr. Churchill Disappoints

It had been hoped by a good many that Mr. Churchill would have something to say on Sunday last which would serve to clarify the situation, and perhaps to give hope to those who are beginning at length to wonder if they have not heretofore erred in attributing something close to perfection to the foreign policy of the Roosevelt Administration. It was not to be so, however. Mr. Churchill did not even refer to such matters as these. In these respects his address left matters precisely where they stood before.

But in another way the address of Mr. Churchill was perhaps of unusual significance, certainly of very substantial interest, if not to Englishmen, at least to all close students of international affairs in other lands. For the first time, the Prime Minister felt called upon to address himself quite pointedly and at some length to his critics who, one must conclude, are becoming rather more numerous and influential. What is more, they, if one may judge from what Mr. Churchill himself had to say on the subject, are complaining not so much about the way the war is being conducted as about post-war matters. "Now I must say that one might have expected His Majesty's Government would receive many compliments upon the remarkable progress they have made not only with the war but with the preparation for the social and domestic welfare at the armistice or peace," Mr. Churchill complained.

"Last Oct. 1 I thought the time had come to ask the King to appoint Lord Woolton to be Minister of Reconstruction, with a seat in the War Cabinet. His was a record which rightly commanded respect. However, there is a large number of respectable and even eminent people who are not at all burdened with responsibility who have a lot of leisure on their hands and who feel quite sincerely that the best work they can do at the present time of hard effort and anxiety is to belabor the Government with criticism and condemn them as unprofitable servants because they are not, in the midst of this deadly struggle, ready at any moment to produce foolproof solutions for the whole future world as between nation and nation, as between victors and vanquished, as between man and man, as between capital and labor, as between the state and individual, and so forth and so on.

"The harshest language is used, and this national Government which has led the nation and the empire and, as I hold, a large part of the world, out of mortal danger, through the dark valleys into which they had wandered, largely through their own folly, back onto the broad uplands where the stars of peace and freedom shine, is reviled as a set of dawdlers and muddlers unable to frame a policy or take a decision or make a plan and act upon it."

The beautiful post-war world which, according to some trusting souls, was being designed by enlightened thinkers under the leadership of the New Deal, somehow now begins to recede into the distance and, so far as many observers are concerned, to take on a less colorful and enticing appearance. Of course, observers who had cut their eyeteeth have never been convinced that Mr. Churchill was much taken in by the fine phrases of President Roosevelt, but was, on the contrary, quite determined when the time came, to look after British interests—as indeed he should do. But whatever the Prime Minister may think, or have thought, it is now becoming evident that the British people themselves have ideas on the subject which may or may not be in the least consistent with the Atlantic Charter or any of the other glittering generalities of the earlier days of the war.

To Be Expected

All this is, of course, as was to be expected. There never has been any good reason to expect the other nations to fall into line behind the President of the United States—even if anything definite, concrete and tangible could be read into his vague platitudes on world politics. If there ever was a realist in this world, it is Mr. Stalin. Nor is Mr. Churchill a day dreamer of the Wallace type. Both of them have the interest of their far-flung empires at heart, both have considerable experience in looking after those interests, and both have been reared and have long had their being in the atmosphere of the familiar world politics of the past century. That all this could be swept aside by clever arguments and manipulations by the President of the United States could scarcely be believed by any experienced observer. It has always been but a question of time before the gullible followers of the Roosevelt foreign policy—if such it may be called—would be badly disillusioned.

Most of all, let us hope it will not get in the way of winning the war quickly and decisively.

ILO Conference Delegates Announced By Roosevelt

President Roosevelt stated on March 17 that the International Labor Office would have a place in the post-war organization of the United Nations as he announced the names of the two delegates and an alternate who will represent the United States at the ILO conference at Philadelphia next month. Advices to this effect from Washington appeared in the New York "Times" of Mar. 18, these advices adding:

"Secretary Perkins and Senator Elbert D. Thomas of Utah, a member of the Senate Foreign Relations Committee and Chairman of the Senate Committee on Education and Labor, will be the delegates, with Adolph A. Berle, Assistant Secretary of State, as alternate.

"Controversy developed between the AFL and the CIO regarding representation of American Labor, because only one delegate for labor can be recognized. The AFL has insisted that its nominee represent all of American labor.

"The President said he expected to have the name of the delegate and alternate representing employers within a few days. He emphasizes that, in his opinion, the conference is very important."

NY Bankers Assn. To Forego Annual Convention To Avoid Interfering With Essential Travel

Officers To Be Elected By Mail Ballot In May

The New York State Bankers Association, official organization of the State's 700 commercial banks, will forego its annual convention for 1944 "to avoid interfering with essential travel and necessary wartime activities," according to an announcement made March 26 by E. Chester Gersten, President. The decision was made by the Association's Executive Committee in spite of the fact that the convention would have marked the Association's 50th anniversary, President Gersten pointed out. The Association's convention, held in June, normally attracts 1,000 to 1,500 delegates and guests.

"The Executive Committee, composed of five up-State bankers and two New York City bankers, decided against a 1944 convention," Mr. Gersten said, "because it was their belief that it would entail the use of transportation facilities already excessively burdened with necessary war traffic and would further result in added congestion in hotels and public dining rooms, already sorely handicapped by shortages of material and manpower."

The Association, which has not held a convention since 1942, will elect officers by mail ballot during the last two weeks in May.

Members of the Executive Committee are E. Chester Gersten, President, Public National Bank & Trust Co., New York City; C. George Niebank, President, Bank of Jamestown; E. Burnham Guild, President, First National Bank & Trust Co., Walton; John P. Myers, President, Plattsburg National Bank Trust Co.; Robert C. Tait, Vice-President, Genesee Valley Trust Co., Rochester; Laurence G. Magner, President, Schenectady Trust Co.; Ernest H. Watson, President, First National Bank, New Rochelle, and Eugene W. Stetson, President, Guaranty Trust Co., New York City.

Poland Asks If Atlantic Charter Applies In Boundary Dispute With Russia

Five members of the exiled Polish National Council have raised the question as to whether the provisions of the Atlantic Charter apply to Poland in her boundary dispute with Russia, said an Associated Press dispatch from London on March 21, appearing in the New York "Sun," which also had the following to say:

The Councilmen from the Vilna and Lwow areas wrote to each of the 63 members of the British Parliament who on March 9 presented a motion criticizing the Churchill government for statements conveying the impression that the Atlantic Charter did not apply to Germany or any other enemy country.

The letters said it seemed strange that members of Parliament should "confine their indignation to the proposal to transfer German territories to Poland and Russia," and added, "For those statements of his Majesty's Government also contain the inference that Poland may lose half her territory to Russia, territory with a population which has never been freely consulted."

Declaring that silence on Poland seems to imply that "Poland has no right to claim that the Atlantic Charter be applied to her," the letters said: "Thus it appears that Poland, who was the first to oppose Hitler and who ever since has fought Germany at a most appalling cost, is to be more harshly treated than Germany."

Short-Paid Air Mail For Armed Forces Abroad

Postmaster Albert Goldman made known on March 25 that the Post Office Department advises that the collection of postage due on short-paid military air mail greatly delays its delivery and places an unnecessary burden on the Postal Service. It was further stated in the announcement:

"Air mail sent to and by members of the armed forces outside the continental United States who receive their mail through APO's or Fleet Post Offices, care of the postmasters at New York, N. Y.; San Francisco, Calif.; New Orleans, La.; Miami, Fla., or Presque Isle, Me., is subject to postage at the rate of 6 cents a half ounce or fraction thereof. This rate will also apply on and after March 26, 1944, to air mail sent to or by members of such forces whose address is an APO or Fleet Post Office in care of the Postmaster at Seattle, Wash., or an APO in care of the Postmaster of Minneapolis, Minn.

"It is therefore very important that the postage on all mail for members of the armed forces both here and abroad be fully prepaid, such mail which is short-paid will be immediately returned to the senders, if known, for the deficient postage."

Personnel Directors To Discuss Problems Of Reconversion

Problems that will confront personnel specialists during the reconversion period will be discussed at a dinner meeting at the New York University Faculty Club, 22 Washington Square North, at 6:30 p.m., this evening (March 30) when leading personnel specialists from industry and government will address students in the University's special wartime program for training personnel specialists.

Sterling Mudge, personnel officer of the Socony-Vacuum Oil Co. and Regional Director of the War Manpower Commission's Training Within Industry (TWI) program, and Frank Shugert, personnel director of the Elastic Stop-Nut Corp. of Union, N. J., will be the principal speakers at the dinner.

A panel consisting of Helen Hyde, personnel officer of R. H. Macy & Co.; James Rossell, Regional Director of the United States Civil Service Commission; L. D. Sanford, Vice-President of the Benge Associates, and Charles W. Ufford, Vice-President of Barrington Associates, will discuss informally the recommendations made by the two principal speakers.

Estimate Of 1944 Income Must Be Filed By Taxpayers By April 15

The announcement that mailing has begun of the forms to be used by an estimated 15,000,000 taxpayers in filing their Declarations of Estimated 1944 Tax, which are due not later than April 15, was made on March 18 by Joseph D. Nunan, Jr., Commissioner of Internal Revenue, at Washington.

The forms (Form 1040ES) are similar in appearance and general content to the form used for the 1943 declarations last September and December. They are being mailed to all persons who filed declarations last fall. Others who are required to file this year may obtain copies from any Collector of Internal Revenue, says the Treasury Department's announcement, which also states:

"The declaration form itself is a printed slip 3¾ by 8 inches. It is accompanied by two alternative worksheets. One is a simplified worksheet which may be used to approximate his 1944 tax by any taxpayer whose income does not exceed $10,000. The other is a more detailed worksheet for the use of taxpayers whose income exceeds $10,000 and also for persons with smaller incomes who prefer to make a more precise calculation of their 1944 tax than can be made from the simplified worksheet."

"These declarations," Commissioner Nunan said, "are a step in the pay-as-you-go system of income-tax collection." He further said:

"Approximately 50,000,000 of us have just filed our annual income tax returns for 1943. That took care of last year's tax.

"Now it's time to look ahead and see that we keep up with this year's tax. For most taxpayers, the tax that is withheld from their wages is sufficient to keep them substantially paid up. Those taxpayers have nothing further to file until their annual returns are due in the early months of 1945.

"But there are about 15,000,000 of us who will owe some tax in addition to what is taken out of wages. There are two reasons for that.

"First, we must remember that the tax that is withheld from wages is always at the lowest tax rate. The withholding is not sufficient to meet the total tax of wage-workers who earn enough to be liable for the higher tax rates which apply to their higher incomes.

"Second, many of us have income from sources where no tax is withheld—rents, royalties, dividends, interest, business or professional earnings, property or stock transactions, etc.

"For both these groups, the law requires a declaration to be made for the purpose of estimating and paying currently any tax that is due over and above the tax that is withheld from wages."

Thus, the Treasury Department indicates, a declaration is required on or before April 15 from all citizens or residents of the United States who expect to have during 1944 — either alone or together with a wife or husband—

"1. Wages subject to withholding exceeding $2,700 for a single person or $3,500 for a married couple living together.

"2. Or, more than $100 income from all other sources if the total of such income plus wages subject to withholding is (a) $500 or more for a single person, or (b) more than $624 for a married person, or (c) $1,200 or more for a married couple living together.

"The first quarterly instalment of estimated tax shown to be due on the declaration should be made at the time the declaration is filed and the remainder should be paid on or before June 15, Sept. 15, and Dec. 15.

"Farmers, who receive more than 80% of their income from farming, may, if they desire, postpone the filing of declarations until Dec. 15. However, if they do wait until Dec. 15, the entire amount of the estimated tax must be paid at that time."

Senator Johnson Breaks Ties With Roosevelt; Views Fourth Term As One Of Defeat, Frustration

In formally breaking with President Roosevelt, Senator Edwin C. Johnson (Democrat) of Colorado, alleged that "history will name the fourth term, if it ever materializes, as 'the term of defeat and frustration.'" The Senator, who in recent months has been an open critic of the Administration, enunciated his views in a speech at North Park College, Chicago, on March 21, at which time he said:

"In the approaching election the people's liberty and the people's freedom will either regain some lost ground or slip a little closer to the apparently inevitable precipice of one-man rule. It would be wrong to say that this Republic stands at the crossroads tonight. It has long since passed the crossroads. It has already traveled too many miles down the wrong road. The choice in November will determine whether we shall keep going down that wrong road or retrace our steps and get back on the right road.

"Should the present running row between the Executive and the Congress persist, America will find herself in a war crisis and a post-war crisis, and her Government in a hopeless deadlock."

Senator Johnson termed as "the greatest tragedy of American political history," the "President's decision four years ago to seek a third term," which he said will be known in history as "the term of appeasement."

"It launched," he is quoted as saying, "the 1940 campaign by appeasing the internationalists with the appointment of two old line Republicans (Frank Knox and Henry L. Stimson) as Secretaries, respectively, of the Navy and the War. It appeased the nationalists by assuring them 'again and again' that no mother's son would 'be sent to fight in a foreign war.'"

United Press advices from Chicago also report Senator Johnson as follows:

The New Deal appeased Japan, he said, by selling her all the war material she could pay for.

"It appeased China, with money and credit, and, after the election, appeased Great Britain by going to war. It has been appeasing every one everywhere ever since with lend-lease at a cost to the American taxpayers of billions."

From the United Press accounts we also quote:

He (Senator Johnson) said that unless candidates for the Presidency—"and all of them—give the people assurance that they can provide dynamic leadership and at the same time cooperate fully with Congress as a coordinate branch of the Government, the voters must reject them in the name of survival. The consequences of further conflict in the Government are too awful to contemplate."

"In seven and one-half months," he continued, "these United States will select a President for the most perilous period of her history. We must select a man who believes in a republican form of government, who is opposed to the concentration of power in Washington and who hates despotism with all his heart. We must select a man who believes in the institution of Congress and especially who believes that we should have a people's House of Representatives.

"We must select a man who believes this nation should be governed by written laws enacted by Congress and not by Executive orders issued by bureaucrats. We must select a man who believes in a sound fiscal policy and who fears public debt as he would the black plague.

"We must select a man who believes in the free enterprise system and who understands that our prosperity and happiness depend upon free men, a free agriculture and an abundance of private jobs."

Inter-American Trade Expansion Conference

Further development of hemisphere economic resources which, it is pointed out, is now going forward on a large scale to meet war-time needs, will be considered in the First Conference of Commissions of Inter-American Development scheduled to be held in New York May 9 to May 18. Announcement of this was made in Washington by Nelson A. Rockefeller, Chairman of Inter-American Development Commission, from which we quote:

"Post-war development of new industries and inter-American trade, particularly, will be a theme for discussions and recommendations. The conference will bring together many prominent leaders in various business fields interested in fostering economic development and inter-American trade throughout the hemisphere.

"The Inter-American Development Commission and the national commissions established by it in each of the 21 American republics constitute an international organization of financial and business leaders under the sponsorship of the governments of those republics. The purposes and functions of the system of commissions were confirmed and enlarged by resolution of the Inter-American conferences held in Havana in 1940 and in Rio de Janeiro in 1942.

"The Inter-American Development Commission consists of five members appointed by the Inter-American Financial and Economic Advisory Committee, a permanent committee created by the Panama meeting of the foreign ministers of the American republics in 1939. The Vice-Chairman of the Development Commission is J. Rafael Oreamuno, former Minister of Costa Rica.

Result Of Treasury Bill Offering

The Secretary of the Treasury announced on March 27 that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated March 30 and to mature June 29, 1944, which were offered on March 24, were opened at the Federal Reserve Banks on March 27.

The details of this issue are as follows:

Total applied for, $1,976,692,000.

Total accepted, $1,000,649,000 (includes $53,167,000 entered on a fixed-price basis at 99.905 and accepted in full).

Average price, 99.905+, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(45% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on March 30 in the amount of $1,016,983,000.

Clayton, FSPA, Tells House Committee He Has Power To Stop "Dumping" Of Surplus Supplies

W. L. Clayton, Federal Surplus Property Administrator, stated on March 20 that he had the power and intended to use it to put a stop to loose disposition of excess government-owned materials and to bring about coordination among the numerous agencies involved. This was indicated in Associated Press advices from Washington March 20, which further stated:

As an example, he said that when his agency is fully organized he would see to it that one Government unit does not throw a particular surplus on the market while some other agency is buying, or trying to buy, the same thing.

Mr. Clayton testified before the House Banking Committee which is considering a measure giving the Reconstruction Finance Corporation additional authority to dispose of surpluses.

Representative Crawford, Republican, of Michigan, asserted that "the Government had been dumping Air Corps gasoline cans worth $7 to $10 each" for a dollar each and asked Mr. Clayton whether he felt he had authority to "absolutely dictate" to the Government agencies on where to sell surpluses, when and for how much.

"I certainly do," the Administrator replied, "and we not only have the authority, we intend to exercise it."

His agency, Mr. Clayton said, has the right to fix minimum prices for sale of surpluses. In the disposition of excess wool recently that authority was exercised.

The News Behind The News

(Continued from First Page)

clear. The only two instructed delegates are for Dewey. Willkie claims six of the others who are unpledged, including the former isolationist leader in the Senate, George Moses, whose designation in this way at least raises doubts. But accept Willkie's claim, and three New Hampshire delegates are doubtful, if not for Dewey.

The grand total of delegates chosen thus far, according to my count, runs:

Dewey 39, Willkie 12, MacArthur 2, Bricker 3, doubtful 3.

The inescapable conclusion must be that while Willkie is running away with the publicity, Dewey is running away with the delegates. When you consider that Wisconsin has only 24 delegates, the current discrepancy between headlines and heads must be apparent. Mr. Willkie's overwhelming difficulties, even if he happens to win Wisconsin, are likewise evident.

But why did Mr. Willkie choose Wisconsin and invite in the Washington political writers to witness? Wisconsin is old LaFollette territory, the primary stronghold of isolationism in the United States. LaFollette, the elder, voted against the last war, and led the fight against the Treaty of Versailles. Why, then, fight here in the toughest sector?

Apparently, there was no place else to fight. In Michigan, he would run into Dewey as favorite son; in Illinois, into even worse difficulties; Ohio is Bricker's; in Nebraska, he can only run against Stassen; California has been neutralized, and so on. Thus, even the choice of a locale for this fight is hardly a sign of strength.

Technically, however, Willkie has a strong advantage in Wisconsin. Dewey has only 16 delegates entered in his name, which means he has already lost 8 of the 24 before he starts. Furthermore, he did not choose his delegates, nor did his people. In fact, he tried to stop the movement, and what is left of his candidacy there only represents a local movement in his behalf.

Offhand, therefore, you would expect that Willkie would get the bulk of the delegation when the polls close April 4. Then his real troubles have begun.

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Donald D. Conn Denies Rickenbacker Charge

Donald D. Conn, Executive Vice-President of the Transportation Association of America, asserted on March 23 that "there is no truth whatsoever" in a charge by Capt. Edward V. Rickenbacker that the Association was leading an assault on air transportation independence. We quote the foregoing from an Associated Press dispatch March 23, appearing in the New York "Sun," which had the following to say in the matter:

Capt. Rickenbacker, head of Eastern Airlines, Inc., made the statement last night at the annual dinner of the Wings Club in New York. He charged that the Association, which he called "a vast propaganda organization," was fostered by the railroads.

In reply, Mr. Conn said:

"This Association is as much interested in the economic development of air, highway and water transportation as it is of railroads. The Association believes that the American public is primarily interested in adequate and efficient services, but under the system of private ownership.

"Obviously Mr. Rickenbacker's statement is designed to convey the impression that this Association speaks for the railroads. It does not and never has. Rather, it seeks to interpret the best interests of the whole public in the future of transportation and from that standpoint only is not in accord with the special privileges sought by a few investors in a few 'for profit' airlines."

Holcomb Named Envoy To South Africa

Nominations For Other Posts Announced

Gen. Thomas Holcomb, who retired recently as Commandant of the Marine Corps, was nominated on March 9 by President Roosevelt to be American Minister to the Union of South Africa. His appointment was one of a number of diplomatic nominations sent to the Senate, all of which were confirmed by the Senate on March 20. Others it was noted in the Associated Press included:

Leland B. Morris of Pennsylvania, who has been Minister to Iceland, to be Ambassador to Iran, and Louis G. Dreyfus Jr., of California, envoy to Iran, to be Minister to Iceland.

Avra M. Warren of Maryland, now Ambassador to the Dominican Republic, to be Ambassador to Panama, and Ellis O. Briggs of Maine, Consul at the Embassy in Cuba, to be Ambassador to the Dominican Republic.

Kenneth S. Patton of Virginia, Consul-General at Calcutta, to be Minister to New Zealand.

William L. Beaulac of Rhode Island, Counselor of Embassy at Madrid, to be Ambassador to Paraguay.

Orme Wilson of New York, a foreign service officer in the State Department, to be Ambassador to Haiti.

Individuals' Liquid Savings In 1943 Reached Record Figure of $37.7 Billion According to SEC

Finds No Disposition On Part Of Individuals To Curtail Spendings In Spite Of Appeals

Making public on March 19 its quarterly analysis of the volume and composition of saving by individuals[1] in the United States covering the fourth quarter and full year of 1943, the Securities and Exchange Commission states that "the rate of liquid saving by individuals during 1943 was the highest on record, amounting to $37.7 billion.[2] This compares with liquid saving of $29.5 billion in 1942, $10.6 billion in 1941, and $4.0 billion in 1940. According to the Commission "the large increase in the public's saving during 1943 was mainly a reflection of the higher level of income in the hands of individuals after payment of taxes." "The ratio of liquid saving to income after taxes," it says, "has remained relatively constant since the middle of 1942 in contrast to the rapid increase in the proportion of income saved prior to that time."

The Commission also states that "it is noteworthy that during this 18-month period individuals did not show any disposition to curtail the proportion of their income after taxes spent on goods and services in spite of patriotic appeals and the 'normal' tendency on the part of individuals to save a larger proportion of their earnings as income increases. In the latter part of 1943, individuals for the first time since the beginning of the war actually decreased somewhat the proportion of their income which went into saving." The SEC's announcement continues:

"During 1943 individuals added $15.8 billion to their currency and bank deposits, $13.8 billion to their holdings of U. S. Government bonds, $3.8 billion to their equity in Government insurance, $3.1 billion to their equity in private insurance, mostly life insurance, and $600 million to their investment in savings and loan associations. They also paid off $800 million of consumer indebtedness other than mortgages and $100 million of mortgage debt. At the same time individuals reduced their holdings of corporate securities by $300 million.

"The composition of saving in 1943 was not notably different from the preceding year. Cash on hand and in banks was again the largest component of individuals' saving, with U. S. Government securities a close second. Together these two types of saving accounted for the greater part of saving in both 1942 and 1943. Practically all of the $8.2 billion growth in the rate of saving from 1942 to 1943 was attributable to these two forms with each accounting for about half of the increase. For the past year and a half individuals have been saving close to 25% of their income after taxes in the form of cash and deposits and U. S. Government securities. Though there has been relatively little variation in this ratio since the middle of 1942, the comparative importance of cash and deposits and U. S. Government securities separately has varied widely depending on the timing of the various War Loan drives.

"In view of the magnitude and potential volatility of individuals' accumulation of cash and deposits, there has been particular interest in this component of saving since the beginning of the war. The substantial growth in individuals' cash and deposits during 1943 reflected a very considerable increase in savings deposits amounting to about $4.5 billion as contrasted to a rise of only $900 million in 1942. On the other hand, the increase in currency of approximately $4.8 billion in 1943 was only moderately larger than the $4.3 billion increase in 1942. Individuals' demand deposits showed the same increase in each of the two years, amounting to roughly $6.4 billion. As previously noted in these releases, a substantial portion of individuals' saving in general, and demand deposits in particular, is attributable to owners of unincorporated businesses such as tradesmen, farmers, professionals, etc. With respect to demand deposits, a form of saving in which unincorporated business might be expected to hold a relatively larger share than in other forms, there is evidence that unincorporated businesses accounted for as much as half of the increase in such saving during the past two years.[3]

"One of the more significant changes in the composition of individuals' saving in 1943 as compared with 1942 was the much smaller reduction in consumer indebtedness other than mortgages. Individuals paid off $800 million of such debt in 1943, mostly in the first quarter of the year, contrasted to $2.8 billion in 1942.[4] This tailing-off of debt repayment reflects the fact that the bulk of installment debt previously incurred for the purchase of automobiles and other durable consumers' goods has already been paid off. Consequently, the amount of saving in this form should be negligible in 1944.

"Of the remaining components of individuals' saving in 1943, only the growth in insurance and pension reserves was particularly important. The increase in individuals' equity in private insurance in 1943, amounting to $3.1 billion, was $700 million higher than in 1942, while the increase in Government insurance, amounting to $3.8 billion, was $1.3 billion higher than in the previous year. Both forms of saving were at an all-time high. The increase in Government insurance in 1943 reflected for the first time a marked rise in the National Service Life Insurance Fund, amounting to $600 million, as well as a record $2.5 billion increase in Social Security funds, and $500 million increase in various Civil Service and Railway retirement funds.

"The pattern of individuals' saving in the fourth quarter of 1943 presents some significant contrasts to saving in previous quarters. In spite of a substantial rise in income after taxes to the highest point on record, total liquid saving in this final quarter, amounting to $9.9 billion, was not much higher than in the preceding quarter and was actually somewhat lower than in the last quarter of 1942. In the fourth quarter of 1943 individuals added the unprecedented sum of $6.1 billion to their cash and deposits and made net purchases of $2.0 billion of U. S. Government bonds. This may be compared with the almost reverse position in the third quarter when, largely as a result of the Third War Loan drive, individuals increased their holdings of U. S. Goverment bonds by $5.0 billion and their cash and deposits by $2.9 billion. Individuals' indebtedness arising from the purchase of consumer goods rose by $200 million in the fourth quarter, the first such increase since the beginning of the war.

"The above discussion of individuals' saving is based on data presented in the following table and chart. It is planned to present estimates of corporate saving in a subsequent release.

The attached table is included in the Commission's analysis

*GROSS SAVING BY INDIVIDUALS IN THE UNITED STATES 1940-1943

(Billions of dollars)

					1943			
	1940	1941	1942	1943	Jan.-March	April-June	July-Sept.	Oct.-Dec.
Gross saving	15.8	25.0	38.7	45.9	10.8	11.4	11.6	12.2
†Liquid Saving	4.0	10.6	29.5	37.7	9.0	9.2	9.5	9.9
Gross saving by type:								
1. Currency and bank deposits	+ 3.0	+ 5.0	+ 11.5	+ 15.8	+ 3.8	+ 3.0	+ 2.9	+ 6.1
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .6	+ .1	+ .2	+ .1	+ .2
3. Insurance and pension reserves:								
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ 3.1	+ .8	+ .8	+ .7	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.5	+ 3.8	+ .8	+ 1.0	+ 1.0	+ 1.0
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 6.9	+ 1.6	+ 1.8	+ 1.7	+ 1.8
‡4. Securities:								
a. U. S. Savings bonds	+ .9	+ 2.8	+ 8.0	+ 11.1	+ 2.6	+ 3.0	+ 3.4	+ 2.2
b. Other U. S. Government	— .4	+ .8	+ 1.9	+ 2.7	0	+ 1.2	+ 1.6	— .2
c. State and local govs.	— .1	— .2	— .1	0	0	0	0	0
d. Corporate and other	— .5	— .5	+ .3	— .3	0	— .1	— .3	+ .2
e. Total	— .2	+ 2.9	+ 10.1	+ 13.5	+ 2.6	+ 4.1	+ 4.7	+ 2.2
5. Non-farm dwellings:								
§a. Purchases	+ 2.5	+ 3.0	+ 1.6	+ 1.0	+ .2	+ .2	+ .3	+ .3
b. Change in debt	+ .9	+ .9	+ .1	— .1	— .2	0	0	0
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ 1.1	+ .4	+ .3	+ .3	+ .3
¶6. Automobiles and other durable consumers' goods	+ 9.3	+ 11.4	+ 7.6	+ 7.2	+ 1.6	+ 1.9	+ 1.8	+ 1.9
**7. Liquidation of debt, not elsewhere classified	— 1.1	— .6	+ 2.8	+ .8	+ .7	+ .2	+ .1	— .2

*Includes unincorporated business saving of the types specified. Does not include corporate or government saving.

†Gross saving excluding purchases of homes as well as of automobiles and other durable consumers' goods.

‡Does not include net purchases by brokers and dealers or by other individuals financed by bank loans.

§New construction of one- to four-family nonfarm homes less net acquisition of properties by non-individuals.

¶Purchases. Based on Department of Commerce data on commodity flow currently being revised. The figures shown above include all new passenger cars sold in the United States.

**Largely attributable to purchases of automobiles and other durable consumers' goods, although including some debt arising from purchases of consumption goods. The other segments of individuals' debt have been allocated to the assets to which they pertain, viz., saving in savings and loan associations, insurance, securities and homes.

Note—Figures are rounded and will not necessarily add to totals.

The foregoing data have been compiled by the Commission from many different sources. Because of the nature of the figures, current data are necessarily estimates and, therefore, are subject to revision.

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[1] In this analysis individuals' saving includes unincorporated business saving of types specified in the attached table. Corporate and Government saving are not included.

[2] This includes saving in Government insurance amounting to $3.8 billion.

[3] It should be noted that part of the increase in liquid assets of unincorporated business reflects liquidation of inventories and receivables of unincorporated trade (net of retirement of notes and accounts payable). Although the amount of this increase is not known, it is believed to have been in the neighborhood of $600 million in 1943 and $400 million in 1942.

[4] This does not include the reduction in consumers' indebtedness to unincorporated business, estimated at about $250 million in 1943 and close to $600 million in 1942.

Industrial Activity At High Level In February Federal Reserve Board Reports

The Board of Governors of the Federal Reserve System announced on March 25 that "industrial activity was maintained at a high level in February and the early part of March. Commodity prices and retail sales showed little change." The Board's summary of general business and financial conditions, based upon statistics for February and the first half of March, further says:

Industrial Production

"Output at factories and mines was at about the same rate in February as in January and the Board's seasonally adjusted index advanced one point to 243% of the 1935-39 average.

"Steel production continued to advance in February and in the first three weeks of March. Output of non-ferrous metals showed little change as curtailment of aluminum production offset increases in output of other metals. Magnesium production was ordered curtailed, beginning in March, by approximately 3,000,000 pounds per month or 7% of January output. Activity in the machinery, transportation equipment and other durable goods industries showed little change from January to February.

"Output of textile products was maintained at the January level and production of most manufactured food products declined less than is usual at this season. Butter and cheese production continued to increase seasonally in February. The volume of hogs slaughtered under Federal inspection declined 6% from the exceptionally high January level; a much larger decline is usual in this month. Chemical production continued to decline as output of small arms ammunition and explosives was further curtailed.

"Fuel production rose slightly in February to a level 10% above the same month last year. Output of bituminous coal and crude petroleum was maintained at a high level, and anthracite coal production increased 19% as a result of a seven-day work week in effect for the month of February.

Distribution

"Total retail sales in February continued about as large as in January and exceeded somewhat the volume of a year ago. At department stores sales in February were about 10% smaller than last year when there was a buying wave in clothing. During the first three weeks of March department store sales exceeded the volume of a year ago, reflecting in part the earlier date of Easter this year.

"Freight carloadings, after allowance for seasonal changes, were maintained during February and the first two weeks in March in the unusually large volume reached in December and January.

Commodity Prices

"Prices of cotton and livestock increased somewhat from the middle of February to the middle of March while most other wholesale commodity prices showed little change.

"Retail food prices declined 1% from mid-January to mid-February owing chiefly to seasonal decreases in prices of eggs and citrus fruit. Retail prices of most other goods and services advanced slightly.

Bank Credit

"During the latter part of February and the first half of March the average level of excess reserves at all member banks fluctuated around $1,000,000,000. Member bank reserve requirements increased by about $400,000,000 as the result of private deposit expansion which, in turn, was the result of Treasury disbursements from war loan accounts which require no reserves. Money in circulation increased $400,000,000 and the gold stock declined by $130,000,000. Funds to meet these demands were supplied by additions to reserve bank security holdings and a temporary decline in Treasury deposits at the reserve banks. In the four weeks ended March 15, Government security holdings of the Federal Reserve Banks rose by $720,000,000, reflecting mainly substantial increases in bill holdings under repurchase option; note and certificate holdings also increased.

"At reporting member banks in 101 leading cities Government security holdings declined by $540,000,000 during the four weeks ended March 15. Holdings of notes rose by $1,500,000,000 while bonds and guaranteed obligations declined as the result of an exchange of maturing and redeemable issues for a new 1½% note issue. Holdings of bills also declined, reflecting principally sales to the the reserve banks. Loans to brokers, dealers and others for purchasing or carrying Government securities, which had increased moderately during the Fourth War Loan Drive, fell by $340,000,000 in the following four weeks. Commercial loans also declined somewhat.

"Adjusted demand deposits rose $1,900,000,000 during the four weeks ending March 15, representing a gain of more than half of the funds withdrawn from such accounts during the drive. Government deposits at these banks fell by $2,600,000,000 in the month following the drive."

Move To Revise Price, Ration Control

Senator Butler (R.-Neb.) on March 24, said that there is a movement under way within the Senate Banking Committee to revise the Stabilization Law by limiting price and rationing controls to about 45 essential goods and commodities. This is learned from Associated Press dispatches from Washington on the same day, which went on to say:

"Senator Butler, a Committeeman, said that there is no logic or reason to Office of Price Administration efforts to control items for which there is no critical need.

"The Committee, considering a bill to extend the stabilization program for a year beyond the present expiration date, June 30, called Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, for testimony today as to the effectiveness of stabilization policies in the battle against inflation. Chairman Wagner (D.-N. Y.), said that his Committee, driving ahead with the hope of concluding hearings by April 7, would hear Eric Johnston, President of the United States Chamber of Commerce, next week.

He said that the Committee also hopes to hear from Chairman Donald M. Nelson of the War Production Board, Stabilization Director Vinson, the mayors of a number of cities and a group of beef cattle men, who will appear on Tuesday [March 28].

Air Mail To War Prisoners

Postmaster Albert Goldman at New York announced on March 25 that information has been received from the Post Office Department that, effective at once, the air mail rate for letters and post-cards, including air mail letter cards, addressed to American prisoners of war, or American civilians who are detained or interned in enemy or enemy-occupied countries, is 6 cents per half ounce or fraction.

The announcement also says:

"In connection with the above, senders of air mail for prisoners of war or civilian internees in Germany are reminded of the restrictions concerning postage stamps containing slogans or patriotic themes intended to promote our war effort which are objectionable to the German Government and which will not be delivered to the addressee. These slogans or themes include such as 'For Defense,' 'Win the War,' and others of like character."

The Retailer's Stake In Reconversion

(Continued from First Page)

taught how to work, 7½ million more than we had in 1940. This does not include the ten million or more in the armed service, many of whom were highly skilled before entering the military. All will have learned discipline and ability to collaborate and work with others. We will have new plants built largely at government expense, from which this miracle of production has arisen. We will have the 'know how' to make things much better than we did in the pre-war period. We have learned many shortcuts in production. Hundreds of thousands of people have developed added accomplishments, learning new ways to use their hands and their heads.

"If we can harness all these things together, so that we may make amounts of goods greatly in excess of that which we did in 1930 and 1940, and buy goods largely in excess of what we bought in 1939 and 1940, because so many more of us are working, we may be able to take care of this debt and develop a higher standard of living at the same time. It seems to me to be perfectly feasible, that people can earn good wages, and yet the unit price of things could decline.

"The estimates of post-war Federal Government annual expenses of 17 to 20 billion dollars, indicates the need of a national income largely in excess of that which we had in 1940-41. It becomes a basic requirement. We are going to get that larger national income if we work hard, all of us, and use all of the facilities developed for the war in our peacetime effort. However, we cannot wait to start this peacetime work until someone officially proclaims that we are in the post-war era. When each war order is completed or cancelled, certain plant manpower and materials become available. They must immediately be put to work, if we are to meet our obligations.

Seventeen to 20 billion dollars of governmental expense out of a national income of 135 billions is one thing to have. But 17 to 20 billion dollars of government expense out of 80 billion dollars of national income as we had in 1940, is distinctly another thing. Merely the need for this larger national income does not create it. It is only going to be developed by the work of those millions more people that have come into our production machine, by the broader use of all materials, and by availing ourselves of new plant capacities, which have been built for war production. All of these things must be made available quickly for peacetime production and certainly under private auspices.

"The War Production Board has ordered the manufacture of certain peacetime essentials, such as bath tubs and electric irons. These orders largely have been issued with quotas set for each manufacturer of the particular industry. The quotas were based on a percentage of each concern's output of 1941, to the total production of the item by the industry. There is a good deal of pressure on and in the War Production Board to follow such a procedure, or a slight modification of it, in the processes of reconversion. It would seem that the best interests of the country would oppose such a policy, even though one recognizes the fact that every manufacturer working on war goods wants to return to his peacetime market as soon as possible.

"The quota or allotment plan may have been good for the making of a few most important essentials. It is to be hoped that the industry committees of the War Production Board will not continue to recommend this process of quota or cartelization as more and more production capacity becomes available. We cannot too strongly emphasize this very much discussed point. We must never forget that the greatest off-set to inflation is production. If the country is assured of large production, as quickly available as the war effort will permit, the danger of inflation rapidly disappears. Too frequently, we are likely to interpret fair play as being something to be decided by the players themselves, or to be decided on any basis other than that which is fair to the public itself.

"We must remember that in wanting a national income fully 50% greater than we had in 1940, that about half of that 50% is made up of an increase in the price level. The other half will have to be made up of units of production. Those units must come from these new plants, or enlarged old ones. How quickly is the Government going to release the former to provide industry with the opportunity to use it? We cannot afford to wait long. A fair plan can be developed now, as well as later. The George report and the suggestions that have come from Mr. Baruch's committee are fine assurances that the Government appreciates the importance of the problem, and the need for speed. Retailers should press for a decision upon some policy sufficiently fair to insure that the plant or overhead costs of goods produced in these plants will fit into the picture of a very much larger national production.

"Renegotiation of war contracts also has a very serious role in reconversion. I had lunch several months ago with the president of one of the large war companies. In 1939, this company had 400,000 square feet of space in production. By the middle of 1943, they had 26,500,000 square feet of space in production, 60 times their original space. They believe their present product will have only a limited call in the post-war period.

I asked what post-war plans they had made. This official said they could make no real post-war plans, as their concern might be ruined financially by an improper renegotiation decision, on any one of a dozen contracts, and that the renegotiation of contracts had taken so much of the time of the top officials of the concern, that they had no opportunity to think of anything except their present production, due to the Herculean efforts they are forced to make to remain in business and the difficulty of gettting a proper settlement from the Government. I know nothing about the elements of these renegotiated decisions as they affect this concern, but the need for prompt, fair decision is, I am sure, not only evidenced in this instance, but in hundreds of others. Again, it means a good deal to see the recognition of this point by the Baruch office and the George committee.

There might be another serious bar to reconversion. That is the length of time taken by the Office of Price Administration to decide price matters with manufacturers, on those products that are again coming back to the market. Costs of labor and of material have changed radically since 1941. Overhead costs may vary a good deal if production is limited below plant capacity. The need for a general formula on new articles is, I am sure, recognized by OPA. It is to be hoped that it also will establish a time schedule in OPA operations sufficiently short not to hold up any manufacturer. Every day of unnecessary hold-up is a waste adding to inflationary pressure. We cannot afford waste, either for our war effort or for our peacetime effort.

"A recent announcement by Mr. Nelson indicates the impending release, from War Production Board restrictions, of all small manufacturers. WPB calls a small manufacturer one employing less than 50 people. According to WPB statistics, this includes about 85% of the manufacturers in number. These use about 10% of controlled materials and account for a slightly higher percentage of output. The small manufacturers will have no limitation with regard to the uses of materials (with the exception of a very few highly critical ones) and will be permitted immediately to manufacture peacetime goods, once their war contracts are finished. They already have been released in certain non-critical manpower areas. As other areas become less critical, a greater number will be released. This policy is most constructive. It gives the small manufacturer an unusual opportunity. It increases civilian supply. It reduces the likelihood of inflation, and it will get many concerns promptly over the hump of reconversion.

"In the year just closed, the amount of goods and services available to civilian production was a great surprise to everyone. This was particularly astonishing when one considers that nearly all war goals were met. Most government experts estimated much smaller civilian supply. These estimates would seem to have great significance in developing reconversion methods. Our productive capacity is enormous. It is almost impossible for anyone to estimate it. Inasmuch as controls are based on government estimates of production, these controls become dangerous whenever they do not reflect actual conditions. They can cause great unemployment. The prompt lifting of limitation orders, therefore, becomes a very important part of the reconversion effort. Cannot manufacturers be trusted to direct their efforts to the most wanted goods? Would it not seem that it might be wise if WPB controls concerned themselves with war production?

"Our reconversion, therefore, becomes a problem of transference of work, from wartime to peacetime activity. It is a tough assignment to do this without unemployment interruption, but it can be done, if we all determine that it will be done. If someone desiring to work, cannot find work, then reconversion has gone wrong to the extent of that one person. Not only his wages are lost to him as income, but his spending power as a consumer is reduced and the product that he would have helped to make is lost also.

"Manufacturers, farmers, retailers, and labor cannot do this job alone. We must all press constantly to make sure that those in authority will keep the line moving rapidly from war to peace. There must be no red tape delay. As the war needs are satisfied, and they should be fully satisfied, retailers should urge full time employment under a fully competitive system of production and full time distribution under equally competitive conditions. The keystone to the whole peacetime economic structure is jobs and the essence of reconversion is work, by a force as great as we now are using in both war and peacetime production."

In another address on March 23, 1944, before the Forum Session of the National Industrial Conference Board at the Waldorf-Astoria Hotel, New York City, Mr. Lazarus reiterated his statement that it is not necessary to wait for the war's end to begin reconversion, and stated further that "There is no excuse for continuing a policy of commandeering everything after ample supplies are established or become possible." He added further that "the only way to maintain full employment is to turn every available plant and workman to the job of producing goods for civilians the minute their war work has been completed."

Mr. Lazurus ended his talk with a strong plea for continuation of private enterprise and a free economy. "I believe that the pioneer spirit is one of our most precious national assets," he said. "If our servants, in Government, will recognize the existence of this spirit as our most powerful unifying force—if they will lay aside their schemes for a controlled economy with a bureaucrat sitting in on every move, if they will work to relax controls rather than perpetuate them, there is nothing in this wide world, either debt or the enemy, that we need fear."

Inflation And City Property: Babson

(Continued from First Page)

mand for suburban home sites has increased slightly the price of land near some large cities. The fear of inflation has helped the sale of small farms but not yet the sale of city property. In most cities the assessed value of land has not been sufficiently deflated from the peak prices of the '20s to warrant interest.

It takes a generation to recover from a collapse in city real estate such as occurred in New York from 1929-1932. Improved real estate—that is land with buildings—still sells at prices below the reproduction cost, less depreciation. Hence, no income is left for the land. As a result, there is no pressing demand for new city space which in turn would absorb land values and lead to a land boom.

Basis for a Real Estate Boom

A population rise might boom city real estate. However, the nation's rate of growth, and particularly urban population, has been falling. The trend to the suburbs should increase after the war. Improved transit facilities may result in suburban living outpacing residential growth in the cities.

Well-managed cities with efficient traffic controls, handy subways and honest assessments may see a rising demand for city homes. New domestic conveniences and an increase in domestic employees may help cities regain their popularity. City real estate has been so long depressed there may be a natural swing in the other direction; but I now see no convincing signs thereof.

After the War

Individuals concerned over the national debt and over the value of their savings, now totaling $50,000,000,000, may be drawn to tangible properties. This is now noted in the demand by city dwellers for small farms. City real estate may follow in turn. Much depends upon the people's attitude toward inflation. As a part of the inflationary process, city real estate may again boom; but John Q. Public has not yet got frightened.

I therefore now foresee no boom in either city or farm lands directly following the war. If, however, you plan to build a home in the suburbs of some city after the war you may well buy your land and make your plans now. Otherwise, perhaps, you better wait until the post-war slump.

Another thing: Although inflation should sometime help the price of all real estate, yet during the next few years inflation will be only gradual as it has been during the past. It will take a violent inflation scare to boost real estate prices, and such may not come until 1950-1955.

Hurja Says Anyone Can Win But Willkie

Emil Hurja, former statistician for the Democratic National Committee, said, on March 23, he had predicted recently at a private forum of business men in New York City that any prominent Republican but Wendell Willkie could win the Presidency if President Roosevelt seeks a fourth term, according to an Associated Press dispatch from Washington on March 23, which went on to say:

Mr. Hurja, who now edits "Pathfinder Magazine," told a reporter he had supplied a political analysis to a group of business men who also heard talks by Senator Truman (D.-Mo.), A. D. Whiteside, former Vice-Chairman for Civilian Requirements of the WPB, and Upton Close, author and radio commentator.

The meeting, Mr. Hurja said, was arranged by the Mackay-Kroeger Industrial Service. Mr. Willkie later wrote each guest, Mr. Hurja said, protesting that it was unwise to gather for the purpose of condemning political figures.

Mr. Hurja said the meeting had no political flavor other than that given it by his talk. He said he referred to Mr. Willkie by name only in response to a question about what he thought of Mr. Willkie's chances. Mr. Hurja said he was expressing merely his private opinions.

Treasury ⅞% Certificates Offered For Issue Expiring

Secretary of the Treasury Morgenthau announced on March 22 an offering through the Federal Reserve Banks, of ⅞% Treasury Certificates of Indebtedness of Series B-1945, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series B-1944, maturing April 1, 1944. Cash subscriptions will not be received. The Treasury Department's announcement says:

"The certificates now offered will be dated April 1, 1944, and will bear interest from that date at the rate of ⅞ of 1% per annum, payable semi-annually on Oct. 1, 1944, and April 1, 1945. They will be issued in bearer form only, with two interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

"Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates now offered shall not have any exemption, as such, under Federal tax Acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official circular released today.

"Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates. Subject to the usual reservations, all subscriptions will be allotted in full.

"There are now outstanding $5,251,000,000 of the Series B-1944 certificates."

D. M. Hobart To Address Special Libraries Association April 3

Donald M. Hobart, Director of the Research Department of The Curtis Publishing Co., will address a meeting of the Advertising and Financial groups of Special Libraries Association on Monday, April 3, at 6:15 at the Colonial Tea Room, 3 East 38th Street. Mr. Hobart will speak on "Business Looks to the Future"—a survey made by The Curtis Publishing Co. to determine the post-war plans of over 350 American manufacturers.

Russia And Italy Exchange Ambassadors—U. S. Not Considering Recognition Of Badoglio Govt.

Advices to the effect that Russia and Italy were exchanging Ambassadors, according to an announcement March 13 by Premier Pietro Badoglio's Government were contained in Associated Press accounts from Naples, Italy, on that day, which pointed out that this marked the first diplomatic recognition of the Badoglio regime by any of the United Nations. The Associated Press also said in part:

The Russian action was apparently taken without consultation with other Allied Governments, which, it is said, also have Marshal Badoglio's requests for exchanges of diplomats.

Diplomatic relations between Italy and Russia were severed on June 22, 1941, when Italy declared war on Russia on the day when Germany invaded her.

At Washington, on March 17, Secretary of State Hull made it clear that the United States will not consider extending diplomatic recognition to the Badoglio government in Italy.

We quote from Associated Press advices, which also said:

He also revealed that the United States had not been consulted by the Russian Government prior to Moscow's decision to exchange Ambassadors with the Badoglio regime.

There has been speculation that both Washington and London had possibly approved Russia's recognition of the Badoglio Government because, according to this theory, Washington and London secretly wanted to see the regime strengthened in power. At his press conference today Mr. Hull was first asked therefore, whether the United States had been consulted by Moscow. He replied that he had had some information on what was going on just about the time the Italians made the announcement, but that we had not been consulted by the Russians.

The State Department, he added, is assembling all the facts and circumstances involved in the diplomatic exchange.

Mr. Hull then indicated that Russia's recognition of the Badoglio regime should normally have come up in the first instance before the Allied Advisory Council on Italy.

Asked whether the United States should enter into such relations with Marshal Badoglio, Mr. Hull replied that under our policy that question is not arising. He declined to go into this policy, explaining that certain details are in process of development at this time, and that he did not think it would be effective to raise policy questions now.

Marshal Badoglio's message to Premier Stalin, according to the Naples press advices March 13, said:

"At the moment in which our two countries decide to exchange official representatives, I particularly wish to underline to you, Marshal Stalin, that all the Italian people are fully conscious of the imposing and victorious Soviet war effort. They are more than ever convinced of the necessity of restoring Italian and Russian relations on the basis of the constructive and friendly cooperation that was temporarily and tragically abandoned by the regime that today we are fighting together."

N. Y. State Factory Employment Continues Downward Trend

For the third successive month, factory employment in New York State has experienced a major decline. It decreased nearly 1% between January and February, according to a statement released on March 15 by Industrial Commissioner Edward Corsi. It is only the third time in 30 years that employment has decreased in the month of February. Payrolls were slightly lower for the State, although there was some increase in New York City. Sharp curtailment among war plants and decreases in lumber, furniture and leather goods were the principal factors causing the decline in total employment. Small employment increases occurred in the food, apparel, paper and chemical industries. Seasonal gains among clothing industries were apparent in payroll advances, with employment increasing only slightly. The Commissioner's report went on to say:

"The employment index for February of 156.9 (1935-1939=100) stood at its lowest point since January, 1943, and was 1% below the index for February of last year. The corresponding payroll index was 298.7, which represents a decrease of 0.3% from January and a gain of 8.8% over February of last year. Average weekly earnings advanced to $47.12 in February from $46.93 in January. The above statements are based on preliminary tabulations covering reports from 2,769 factories throughout the State. The Division of Statistics and Information under the direction of Dr. E. B. Patton is responsible for the collection, tabulation and analysis of these reports."

The Department statement also added:

"Most war industries in the State had fewer workers in February; declines were reported by plants manufacturing aircraft, tanks, ships, guns, ammunition, electrical equipment and scientific instruments. The only war plants to hire additional employees this month were those making communication equipment. Payrolls were lower in all war industries except communication equipment and scientific instruments. Wage rate increases accounted for a payroll increase in the latter. In the metals and machinery group as a whole, employment declined 1.8% and payrolls decreased 2.8%.

"Other industries which showed substantial employment losses during the month were lumber, furniture and leather. In the leather group, the greatest decrease was reported by the manufacturers of canvas and leather equipment, while the shoe industry had a very slight decline and the glove industry had an increase. Payrolls were 2.6% higher for the group.

"Employment increases were reported by producers of dairy goods, flour, baked goods and confectionery, while meat packers and sugar refiners had fewer workers. Beverage industries also had a slight decrease in employment but wage rate increases in breweries caused a payroll gain. For the food group as a whole, employment was 0.8% greater and payrolls were 1.6% higher.

"Seasonal gains in employment, and more especially in payrolls, were noted among various branches of the apparel industry. Those which showed increases were men's tailoring and neckwear, women's dresses, suits, coats and skirts and millinery. Firms making children's clothing had a slight decline in employment but payrolls increased. Factories producing men's shirts, women's blouses and underwear had declines. The net effect of these factors was an employment increase of 0.3% and a payroll gain of 6.5% for the clothing group. The paper and chemical industries had employment and payroll advances of about 1%.

Fill Vacancies On National Foreign Trade Board

The annual meeting of the members of the National Foreign Trade Council was held at the Council offices, 26 Beaver Street, New York City, on March 17th, at which vacancies on the Board of Directors were filled. The following now comprise the entire membership of the Board:

John Abbink, Business Publishers International Corp., New York, N. Y.; P. W. Alexander, Wessel, Duval & Co., Inc., New York, N. Y.; Willis H. Booth, Sierra Talc Co., Los Angeles, Calif.; M. W. Bowen, Socony-Vacuum Oil Co., Inc., New York, N. Y.; Theodore Brent, Mississippi Shipping Co., New Orleans, La.; B. C. Budd, Packard Motor Car Co., Detroit, Mich.; A. G. Cameron, Goodyear Tire & Rubber Export Co., Akron, Ohio; Charles R. Carroll, General Motors Overseas Operations, New York, N. Y.; James S. Carson, American & Foreign Power Co., Inc., New York, N. Y.; Reginald F. Chutter, Sharp & Dohme, Inc., Philadelphia, Pa.

W. W. Coleman, Bucyrus-Erie Co., South Milwaukee, Wis.; John C. Cooper, Jr., Pan American Airways System, New York, N. Y.; E. A. Emerson, The Armco International Corp., Middletown, Ohio; J. D. Fletcher, Caterpillar Tractor Co., Peoria, Ill.; J. G. Geddes, The National City Bank of Cleveland, Cleveland, Ohio; John L. Gillis, Monsanto Chemical Co., St. Louis, Mo.; W. L. Gray, The First National Bank of Boston, Boston, Mass.; G. C. Hoyt, International Harvester Co., Chicago, Ill.; E. F. Johnson, Standard Oil Co. (New Jersey), New York, N. Y.; Fred I. Kent, Bankers Trust Co., New York, N. Y.

H. D. Keresey, Anaconda Wire & Cable Co., New York, N. Y.; Elvin H. Killheffer, E. I. du Pont de Nemours & Co., Wilmington, Del.; P. A. Kinnoch, American Trust Co., San Francisco, Calif.; L. H. Lindeman, The Texas Co., New York, N. Y.; Robert F. Loree, Guaranty Trust Co. of New York, New York, N. Y.; A. E. Mallon, Pillsbury Flour Mills & Co., Minneapolis, Minn.; F. L. Marshall, Montgomery Ward & Co., Chicago, Ill.; Clark H. Minor, International General Electric Co., New York, N. Y.; F. W. Nichol, International Business Machines Corp., New York, N. Y.; F. E. O'Neil, Fulton Iron Works Co., St. Louis, Mo.

Frank C. Page, International Telephone & Telegraph Co., New York, N. Y.; Leigh C. Palmer, American South African Line, Inc., New York, N. Y.; P. W. Parker, Standard-Vacuum Oil Co., New York, N. Y.; Robert H. Patchin, W. R. Grace & Co., New York, N. Y.; Stanley Powell, California Packing Co., San Francisco, Calif.; Edward Riley, General Motors Corp., New York, N. Y.; Joseph C. Rovensky, The Chase National Bank of the City of New York, New York, N. Y.; Warren W. Shoemaker, Armour & Co., Chicago, Ill.; A. D. Simpson, The National Bank of Commerce, Houston, Texas; W. H. Stanley, Wm. Wrigley, Jr. Co., Chicago, Ill.

William S. Swingle, National Foreign Trade Council, Inc., New York, N. Y.; C. B. Thomas, Chrysler Corp., Detroit, Mich.; Eugene P. Thomas, National Foreign Trade Council, Inc., New York, N. Y.; Wilbert Ward, The National City Bank of New York, New York, N. Y.; R. F. Warner, Frazar & Co., New York, N. Y.; John W. White, Westinghouse Electric International Co., New York, N. Y.; George W. Wolf, United States Steel Export Co., New York, N. Y.; R. W. Woodruff, The Coca-Cola Co., Wilmington, Del.; C. M. Wynne, Overseas Industries, Inc., Chicago, Ill.; John A. Zellers, Remington Rand, Inc., New York, N. Y.

National Ass'n Of Bank Auditors And Comptrollers To Hold Planning Conference

Hugh E. Powers, Cashier of the Lincoln Bank & Trust Co. of Louisville, Ky., and President of the NABAC, has announced in a report to members, that their 20th anniversary meeting and post-war planning conference for all members, will be held in Cleveland, Ohio, on Sept. 19-20. The Hotel Cleveland will be the headquarters.

In his report, Mr. Powers stated that due to the growth of the Association and the additional work which falls to the organization committee, changes in the by-laws will be proposed and presented for approval of the membership at this anunal meeting. If the proposal is approved, six directors will be elected, and the President will appoint a Vice-President for each State. President Powers also announced the creation of a Research Fund, which will increase the effectiveness of the work of the National Association of Bank Auditors and Comptrollers, and produce a material benefit to member banks and their individual representatives.

President Powers has named the following among those who are to direct the meeting: Convention Director, John C. Shea, Assistant Vice-President, Whitney National Bank, New Orleans, and First Vice-President of N. A. B. A. C.; General Chairman of the Convention Committee, Frank V. Grayson, Auditor, Federal Reserve Bank of Cleveland, and a past national President of N. A. B. A. C.; Vice-Chairman of the Convention Committee, Eugene J. Krause, Auditor, National City Bank of Cleveland and Vice-President of the Cleveland Conference of Bank Auditors and Comptrollers.

Mortgage Financing Activity Shows Continued Downward Movement In 1944

The Federal Home Loan Bank Administration announced that mortgage financing activity during 1943 continued to show the effect of wartime restrictions on the home financing industry. The downward movement in recordings which characterized the calendar year 1942 continued through 1943, reducing the total activity for the year to the lowest level since 1940. Although there was a steady rise from March through October, with the volume in later months exceeding 1942 levels, the estimated total of $3,861,400,000 in nonfarm mortgages of $20,000 or less recorded during 1943 was 2% below the 1942 volume and 18% under the pre-war high in 1941. The announcement said that it is estimated that the number of instruments filed for public record during 1943 was 1,273,993, the lowest number since 1939, the initial year of the series. Although the number and total volume of mortgages recorded in 1943 declined, the average amount of the mortgages increased for the fourth successive year, rising from $2,722 in 1939 to $3,031 in 1943. This consistent increase is reflected in the averages of savings and loan associations, "individuals" and "others", while the remaining types showed minor fluctuations.

The Administration's announcement further stated:

"As compared with 1942, individual lenders showed the greatest increase in activity, 17%, followed by savings and loan associations with a 6% gain. The remaining classes of mortgagees declined, with insurance companies experiencing the sharpest decrease of 23%. Commercial banks lost 15%; mutual savings banks, 8%; and the miscellaneous group, 7%.

"Savings and loan associations and individual lenders increased their shares in the aggregate volume of financing in 1943 to bring the percentage of total for each of these groups to the highest figure since 1939. Despite the fact that "individuals" indicate a marked rise from 16% in 1940 to the current 22%, savings and loan associations maintained their leadership in the mortgage financing field, accounting for 32% of total volume. Banks and trust companies have been losing ground since 1939, and this year their proportion of the total was 20% compared to 25% of the 1939 volume. The remaining classes of mortgagees approximate their previous levels.

"Comparison of this month with the same month of previous years reveals the greatest volume of December activity recorded for any year except 1941. The 104,834 nonfarm mortgages recorded this month, totaling $330,989,000, represent an increase of 25% over the December 1942 amount. With the exception of insurance companies, which declined 5%, all types of lenders participated in the rise. Individual lenders and savings and loan associations led with increases of 41% and 34%, respectively.

"The December total, however, was 6% below November 1943, which was more than the normal seasonal decline. The greatest loss —19%—was suffered by mutual savings banks; savings and loan associations decreased 10%; "individuals" and "others", 7%; and insurance companies, 4%. Banks and trust companies showed a 3% gain over last month.

Swayzee In OPA Post

Appointment of Cleon O. Swayzee as Labor Relations Adviser to the Administrator of the Office of Price Administration and Director of its Labor Office was announced on March 21 by Price Administrator Chester Bowles. He succeeds Robert R. R. Brooks, who has been named Executive Assistant to the Administrator. The announcement states:

"For more than two years Mr. Swayzee has been Assistant Director of the Labor Office, working with Mr. Brooks and liaison officers from the American Federation of Labor, Congress of Industrial Organizations and railway labor organizations in developing the OPA-labor program.

"Besides assisting in organizing the 102 labor advisory committees now serving with OPA's 93 district offices, Mr. Swayzee aided in the recruitment of more than 4,500 union men and women for service on local War Price and Rationing Boards. He also helped develop the thousands of joint labor-management plant transportation committees that have been set up throughout the country to solve transportation problems of industrial workers.

"Before joining the OPA staff in March, 1942, the new Labor Office Director served as a consultant on labor relations and manpower problems for the War Production Board. . . .

"In his capacity as Director of the OPA Labor Office, he will continue the general supervision of district labor advisory committees and will be responsible for providing technical and administrative services to the National Labor Policy Committtee, which is composed of nine representatives of the AFL, CIO and railway labor organizations."

Deaths of Representatives O'Leary And Cullen Cut Democratic Margin In House To Five

Representative James A. O'Leary, of New York, died on March 16, his death, it is stated, reducing the Democratic House membership to 215, the lowest, according to Associated Press Washington advices, since President Roosevelt took office, and narrowing the Democratic margin to five seats. These advices added:

"The Republican membership, including Representative-elect Gillespie, of Colorado, is 210. Four seats are held by minor-party members and there now are six vacancies to be filled by special elections. Five of the vacancies are in normally Democratic districts."

Another recent death among Democratic Congressmen was that of Representative Cullen, also of New York, whose death occurred Feb. 29. He was in his 76th year. Mr. Cullen, whose home was in Brooklyn, represented the New York Fourth Congressional District, having been elected as a member of the Sixty-sixth Congress, which convened March 4, 1919. He was a member of the House Ways and Means Committee, being ranked on that body only by its Chairman, Robert L. Doughton of North Carolina.

Representative O'Leary, who was Chairman of the House Committee on Expenditures in the Executive Department, a member of the Merchant Marine and Fisheries Committee and the Pension Committee, resided in West New Brighton, Staten Island; he was 54 years old. From the New York "Times" of March 17 we take the following:

"A member of Congress since 1935, Mr. O'Leary was the author of many measures affecting the American merchant marine. A Democrat, he represented the 11th New York Congressional District, which includes Staten Island, the extreme lower tip of Manhattan Island and Ellis, Bedloe and Governors Islands. In domestic affairs he usually supported President Roosevelt's New Deal policies, but before Pearl Harbor he frequently had taken the isolationist position in foreign matters."

"Year Book" Of New York Stock Exchange Dividends On Listed Stocks, Membership, Etc.

The annual "Year Book" of the New York Stock Exchange, which has just been made available, shows that "during 1943, 687 of the 845 common stock issues listed on the Exchange paid cash dividends aggregating $2,063,411,000 and 339 of the 392 listed preferred stock issues made cash disbursements aggregating $344,577,000—a total of $2,407,988,000. During 1942, 648 common stocks paid dividends amounting to $1,997,461,000, and 336 preferred issues paid $349,105,000—a total of $2,346,566,000. As a result of 1943 disbursements, dividend paying common and preferred stocks listed on Exchange showed a typical yield of 6.1% and 5.4% respectively, based on year-end prices, says the "Year Book."

A record of common stocks listed on Exchange which have paid cash dividends consecutively for 25 to 96 years is contained in the report. The Pennsylvania Railroad Co. which made its first payment in 1848, heads the list, while the Continental Insurance Co. (N. Y.) and Corn Exchange Bank Trust Co. are next in line, with the payments of their first distribution in 1854.

With respect to the number of member firms of the Exchange it is shown that these firms totaled 540 on Jan. 1, 1944 as compared with 537 on Jan. 1, 1943; the number of branch offices rose during the year from 745 to 773 on Jan. 1, 1944 and non-member correspondents, which maintain direct wire connections with members, declined from 2,139 to 2,051. Branch offices (773) of member firms on Jan. 1, 1944 were located in 323 cities in 45 States, two territories and five foreign countries.

From the "Year Book" we take the following table showing the number of members of the Exchange, the number of stock exchange firms and the number of general and special partners of member firms as of Jan. 1, 1944:

Members of The Exchange:	
New York	1,182
Out-of-town	167
Total	*1,349
Stock Exchange Firms:	
New York	406
Out-of-town	134
Total	540
Partners of Stock Exchange Firms:	
Members of The Exchange:	
General partners	798
Special partners	28
General and special partners	1
Total	827
Other Partners:	
General (allied members)	1,992
Special	263
General and special (allied members)	11
Total	2,266
Grand total	3,093

*26 memberships held in the names of deceased members.

As of Jan. 1, 1944, says the "Year Book" 810 members of the Exchange had been members for more than ten years. Of these, 264 had been members for more than 20 years; 45 for more than 40 years and six had held their memberships for more than 50 years.

During 1943, the "Year Book" reports, 107 applications to list 108 stock and 31 bond issues on the New York Stock Exchange were approved by the Exchange. Of these, 18 applications for 15 stock and three bond issues were by companies not previously represented on the Exchange's list. During 1943, 69 special offerings involving 1,046,879 shares with a market value of $30,539,471 were announced; 61 of these offerings, embracing 927,613 shares with a market value of $26,597,801, were distributed and eight were withdrawn. Of these latter offerings, 89,949 shares, valued at $2,943,444 were distributed.

A table in the "Book" compares the solvency record of New York Stock Exchange members with that of all banks in the United States, national banks and commercial houses, the figures representing percentages of solvency during the indicated calendar years to the total number of Stock Exchange members, banks, etc., as of June 30 of each year. The solvency record of the Stock Exchange members in 1944 at 99.68% compares with 100% for the years from 1939 to 1943 inclusive; for banks the figure in 1944 is 99.03% and for commercial houses 99.14% in 1944.

According to the "Year Book" 29 of the 5,668 members of the New York Stock Exchange community who have entered the armed services have made the supreme sacrifice. The total of 5,668 serving as of Jan. 1, 1944, comprises 531 members and employees of the Exchange and 5,137 member firm partners and employees.

The "Year Book" of the Stock Exchange for 1943 was referred to in our issue of March 4, 1943, page 835. A month ago President Schram made available the Annual Financial Report of the Exchange, and reference to this appeared in our Feb. 10 issue, page 632.

From Washington Ahead Of The News

(Continued from First Page)

likely outcome would be a deadlock. Dewey would have accomplished just what he did four years ago. He went out over the country "discussing the issues," as the expression goes. He spent money and he worked hard. Then he and Taft, who had done likewise, deadlocked and an outsider, Willkie, got the bacon. Dewey doesn't intend to get burned any more.

He doesn't have to rely on the 1940 campaign alone to justify his judgment. He can go back as far as 1920. In that year Lowden and Wood fought out the pre-convention campaign, spent oodles of money and deadlocked each other in the convention. Harding came in as the dark horse without having done any pre-convention work. Came 1928 and the Republican aspirants with this lesson before them, all held back with the exception of the ineffectual Lowden. Hoover took advantage of their timidity and walked away with the nomination. This had its influence on the aspirants of 1940 to the extent that both Dewey and Taft put on vigorous campaigns only to have the lesson of 1920 repeated.

The judgment of Washington observers is that if ever a fellow was sitting pretty today it is Dewey. He is the "dark horse." Assuming, though, that he gets by with his present strategy, he will have to show some skilful strategy at the convention proper. If he shows enough strength to win on the first ballot then that is the time for his friends to make their play. But if he doesn't have this strength; if he has only about the same number as Willkie and Bricker for three or four ballots, he again becomes but a part of the deadlock. It would be much better if his friends keep quiet, if they keep him in the "dark horse" stage until they have worn Bricker and Willkie down.

In the meantime, however, the Governor is going to be up against a tremendous propaganda to draw him into the pre-convention campaign. It may, in fact, diminish some of his popularity. We have recently heard considerable feeling expressed in quarters not unfriendly to him at all, that no man is entitled to the nomination without getting out and telling where he stands. The New Dealers, who are constantly working on all of the potential nominees are, of course, using this line to a fare-you-well.

To experienced political observers it is all propaganda, pure and simple. There should be no informed person in ignorance of where any of them stand—Bricker, Willkie or Dewey—and nothing any of them say or do not say would change the understanding in the slightest. If anything, there is a clearer understanding of Bricker and Dewey, the one talking cautiously and the other not talking, than there is of Willkie, who is talking a lot. Willkie is certainly confusing when he makes the statements in Wisconsin: (1) that he lost the 1940 election because he had to lug the isolationist Republicans; (2) that the Republicans fought Roosevelt's giving of the 50 destroyers to Britain; (3) that the Republicans prevented the fortifying of Guam.

As to statement one, he ought to look back over the States he carried. They were not interventionist States; as to two, the Republicans never knew anything about giving the destroyers to Britain. When they did hear, it was a fait accompli and they did nothing; as to three, there never has at any time been before Congress a proposal to fortify Guam. There was one several years ago to deepen the harbor there, and even longer ago Admiral Hepburn, now called back from retirement, in a report to the Navy, recommended the fortifying of Guam at some future date. The Navy never took the suggestion to Congress. The Administration was against fortifying Guam because on a clear day a Japanese mandated island is almost in sight and it was realized that any steps toward fortification meant war.

Retail Store Traffic Men To Hold Conference In St. Louis April 12-14

Retail store traffic directors from various sections of the country will meet at the "First Wartime Conference" of the Traffic Group of the National Retail Dry Goods Association, at the Hotel Statler, St. Louis, Mo., on April 12-14, it was made known recently by Leonard Mongeon, manager of the group. The announcement stated that "inasmuch as this will be the first gathering of the sort held for almost two years, and because of the difficulties encountered by traffic men during that time—due to the acute manpower shortage and various Government restrictions—the St. Louis meeting will afford a unique opportunity to store traffic heads to compare notes and solve their most pressing problems." It is added that store traffic departments have in most instances done what would formerly have been regarded as impossible—in some cases managing to get merchandise from manufacturers to retail counters with less than half the normal operating staffs. Ways and means employed to accomplish these challenging tasks will be discussed at five panel sessions, and at the close of the conference delegates will visit various traffic, receiving and marking departments in St. Louis stores. Arthur D. Bibbs, Traffic Manager of The Halle Bros. Co., Cleveland, and Chairman of N. R. D. G. A.'s Traffic Group, will act as Chairman of all the conference sesions.

Brennan, Ireland's Minister At Washington Says U. S. Is Misinformed On Eire Situation

An official statement in which he said that he could not reconcile the uneasiness of the American government on the question of Axis espionage in Ireland "except by saying that the American government is grossly misinformed," was issued by Robert Brennan, Irish Minister at Washington, on March 17. Mr. Brennan, who further said, "we know the situation—we know that there is no successful espionage in Ireland," made his comment following the request by the United States to neutral Eire "that the Irish Government take appropriate steps for the recall of German and Japanese representatives in Ireland" because of alleged espionage operations. Reference to the request and to Prime Minister de Valera's reply, defending the course of the Irish Government, appeared in our issue of March 16, page 1123. The New York "Herald Tribune" of March 18, reporting the issuance of the statement by Mr. Brennan at a press conference in the offices of the Consulate General of Eire in the Chrysler Building in New York, had the following to say in part:

First he issued the statement, in which he summarized the reasons why the Irish Government believes there could be no successful espionage in Ireland, and then he spoke informally and with great intensity to "get everything clear and put everything on the table."

Mr. Brennan said that the people of Eire received the note from the United States Government requesting the expulsion of the Axis diplomats almost as if it were an ultimatum. He said that Eire was determined to remain neutral in the conflict, "the first war in centuries that we have had the luxury of staying out of."

In his official statement, the Irish diplomat, who became Secretary of the Irish Legation in Washington ten years ago and Minister in 1938, reiterated previous statements and said:

"We know that the German Legation (in Ireland) has no means of transmitting to Germany any information they may obtain. They have no diplomatic pouch or diplomatic couriers. They have no telephonic communications. They have no wireless transmitter. They can communicate only by cable which passes through London. Therefore they can transmit no message that the British are unwilling to forward."

Mr. Brennan brought out newspaper files of March 11 in which Prime Minister Eamon de Valera of Eire informed the American Government that two German parachutists who dropped on Irish soil were quickly rounded up. Inclusive of the parachutists, Mr. de Valera said at the time, the total number of persons suspected of intention of espionage and now held in Irish prisons was ten foreigners and two Irish nationals.

Mr. Brennan expressed the opinion Great Britain would not blockade Ireland. "We supply England with more goods than we are getting from all the Allied nations put together," he said.

There are, Mr. Brennan said, three men and two women, clerks, in the German Legation at Dublin headed by the German Minister, Eduard Hemple, and three persons in the Japanese Consulate, including the Consul, Beppu Setsuya.

The Irish Dail gave solid support on March 15 to Prime Minister de Valera's refusal to close Axis diplomatic offices in Dublin and Labor Leader William Norton declared "liberty loving" nations should not employ "aggression and sanctions." Noting this, Associated Press advices from Dublin also quoted the speaker as follows:

"Eire's reply to the American note was the reply of a united nation striving to defend the right to maintain an honorable way of life," he said during a three-hour debate in which speakers asserted Eire was scrupulously observing neutrality.

It was further stated:

"In an appeal possibly necessitated by reports that the Allies might kill export trade by imposing sanction, the Dublin radio asked Irish farmers to ignore rumors about prices which it said were being circulated to induce them to part with their meat animals cheaply."

House Approves Post-War Rivers And Harbors Works

Legislation authorizing post-war rivers and harbors work estimated to cost $355,000,000 was approved by the House on March 23. According to the Associated Press, the measure was passed on a standing vote of 213 to 46 after the House eliminated from the bill the proposed $66,000,000 Tennessee-Tombigbee Waterway by a roll-call count of 195 to 156. It was added that the measure, calling for nearly 300 projects, now goes to the Senate. It carries no funds.

Bacon Sees Unparalleled Post-War Prosperity

George W. Bacon, of Ford, Bacon & Davis, believes that this country will enjoy a post-war era of unprecedented prosperity.

Mr. Bacon, Chairman of the Board and a founder, was the central figure in a celebration, held on March 15 in its general offices at 39 Broadway, New York, of the company's 50th anniversary. Another founder, George H. Davis, now retired, was present when James F. Towers, President of the firm, presented Mr. Bacon with a commemorative medal on behalf of his associates. The occasion drew many leaders of the industrial, utility and banking worlds.

"Post-war prosperity in the United States, if not the world, will far exceed during its first quarter of a century any business activity for a like period the world has ever witnessed," ventured Mr. Bacon in addressing a gathering of more than 300.

Normal inventories having become non-existent during the war, Mr. Bacon said that in the post-war period "tens of billions of dollars of production and distribution are involved." He foresaw "credit facilities such as our people have never known" and vast sums to overcome "present enormous volumes of depreciated facilities and equipment of all kinds in the United States and beyond our borders." New markets, he said, would result "from existing and expanding incomes, living standards and credit facilities."

This "post-war look," said Mr. Bacon, "spells unprecedented United States business prosperity in terms of our average family." He went on: "Educate and sell the other half of our fellow beings our industrialized United States and the costs of this war in treasure will disappear."

Mr. Bacon said that no other single purpose is so important to the industrial world, and "there lies our Job No. 1 for the next 50 years, so that raw material bases, natural and synthetic, may continue to meet the world's requirements."

Finland Rejects Russia's Armistice Terms

While affirming its continued desire for peace with Soviet Russia, the Finnish Government has firmly declared, it is announced, that it could not accept the armistice terms laid down by Russia. According to Associated Press advices from Russia, the declaration, embodied in a long communique giving the Finns' version of their attempts to get out of the war. all but extinguished hopes of further peace negotiations betwen Helsinki and Moscow, for the Russians, the bulletin said, have declined to modify their original terms.

These advices as given in the New York "Sun" of March 21 continued:

The Finnish stand apparently was predicted on the thesis that the Russian terms—which involved the withdrawal of Finnish troops from their present positions as well as internment of all German armed forces now in Finland—were not consistent with the demands of national security.

The communiques said that the Finnish Government regretted that the Russians had not given Finland "an opportunity to express her own viewpoint before accepting the terms."

"Although Finland's Government still aspires seriously for re-establishment of peaceful relations, it, however, cannot accept in advance these terms, which deeply affect the existence of the whole nation without even getting any safe assurance of the interpretation and meaning of the conditions," the bulletin said.

The communique gave the Finnish public the first full picture of the Government's view of the peace problem, and was carried in full by the Finnish press.

It flatly described the terms which the Finnish peace envoy, Juho Kosti Paasikivi, obtained through the Soviet embassy in Stockholm as "hard" and entirely unacceptable.

Nevertheless, the communique said, the Government took the matter up with Parliament and received a vote of 105 to 80 authorizing it to pursue the negotiations.

A week ago,—March 16,—it became known that President Roosevelt had undertaken to urge Finland to withdraw from its association in the war with Germany, the President in his overtures being quoted as saying:

"It has always seemed odd to me and to the people of the United States to find Finland a partner of Nazi Germany, fighting side by side with the sworn enemies of our civilization.

"The Finnish people now have a chance to withdraw from this hateful partnership. The longer they stay at Germany's side the more sorrow and suffering is bound to come to them. I think I can speak for all Americans when I say that we sincerely hope Finland will now take the opportunity to disassociate herself from Germany."

Reference to a renewal of the call by the United States to Finland to withdraw from the war on the side of the Axis powers, was made in these columns Feb. 10, page 604. On March 14 Finland was again urged by Secretary of State Cordell Hull to get out of the war. In commenting on the present negotiations between Finland and Russia, Mr. Hull said:

"The people and the Government of the United States earnestly hope that these conversations will result in Finland's withdrawal from its association with Germany in the war."

The New York "Times" in special advices from Washington March 14 indicating Secretary Hull's latest plea said:

While Mr. Hull gave no reason for renewing this advice, which has been given on numerous occasions, it was obvious that it came in the light of reports that have been received here concerning the status of the negotiations.

Apparently the reports have led to the belief that the negotiations represent the last chance that Finland will have for withdrawing from the war, and Mr. Hull was impressing upon her the view that she should think seriously before passing over the opportunity.

The alternative, it was felt, might well turn out to be that by remaining in the war Finland in the end would lose everything.

Although Mr. Hull did not hesitate to give this advice, he refrained from passing upon the merits of the terms Russia has offered Finland. Great Britain has described them as moderate and reasonable.

Intimating that the President's plea had been received too late to be of avail (the Finnish reply to Russian armistice terms was delivered to the Russian Legation in Stockholm on March 17), Helsinki Associated Press accounts on March 17 said:

President Roosevelt's appeal to Finland to quit the war made a deep impression in this country, but the fact that the President issued his statement so late in the peace crisis caused nervousness among persons looking toward the future consequences of Finland's action.

Foreign office spokesmen said the government naturally would have to give serious consideration to President Roosevelt's message, but politically informed persons believed it was too late to have any effect.

From London on March 21 the text of a statement on the Finnish-Russian negotiations signed by the Soviet Information Bureau and broadcast that day, by the Moscow radio, as reported by the Soviet monitor, was given as follows in the New York "Times":

On March 1 the Information Bureau of the People's Commissariat for Foreign Affairs of the U.S.S.R. published the Soviet armistice terms offered by the Soviet Government to Finland.

On March 8 the Soviet mission in Stockholm received the reply of the Finnish Government. From this reply it appeared that the Finnish Government found it difficult to accept Soviet armistice terms without preliminary discussions.

The Soviet Government informed the Finnish Government that it considered the Finnish reply unsatisfactory.

The Soviet Government therefore brought to the attention of the Finnish Government the fact that the Soviet armistice terms in the six points given to J. K. Paasikivi were the minimum and the elementary ones and that only acceptance of these terms by the Finnish Government would make possible Soviet-Finnish discussions for cessation of hostilities.

The Soviet Government also stated that it would await a reply from the Finnish Government until March 18. On March 17 the Finnish Government gave a negative reply to the Soviet statement. By this action it has taken upon itself full responsibility for what will follow.

Randolph E. Paul Resigns

The resignation of Randolph E. Paul as General Counsel of the Treasury Dept. was made known on March 22. Mr. Paul's tasks since 1941 have had to do with the several revenue bills, and in his letter of resignation to President Roosevelt he stated that with the plan of the simplification of the tax "well on its way to enactment," he feels he can contribute "little more at present in this special field." The letter, addressed to the President by Mr. Paul, follows:

"I came to Washington in 1941 with a commitment to devote myself to the then forthcoming revenue bill. Since that time I have represented the Administration and the Treasury before Congress on three tax bills. The fourth one, a technical measure to simplify the individual income tax, is, I am glad to say, well on its way to enactment. I believe I can contribute little more at present in this special field and I should, therefore, like to submit my resignation as General Counsel of the Treasury.

"I take this occasion to express again my warm admiration for your steadfast courage in advocating the realistic tax programs which the times demand. It has been a great pleasure and satisfaction to work under your leadership and that of Secretary Morgenthau.

"Please believe me always at your service for any further contribution I can make to the war effort."

In reply the President said:

"Dear Randolph:

"In view of your decision as expressed in your letter of March 22, I accept with great regret your resignation as General Counsel of the Treasury Department.

"The difficult labors you have performed during the last three years, particularly in the field of tax policy and in the formation and presentation to the Congress of a war-time revenue program, have been of the highest value to your country.

"You have my personal gratitude and good wishes."

Expansion Of Cooperatives After War Predicted At N. Y. U. Institute Meeting

A greatly expanded cooperative movement at the close of the war was predicted on March 9 by Murray D. Lincoln, President of the Cooperative League, in an address before the New York University Institute on Postwar Reconstruction in the auditorium, 37 West Fourth Street. Describing the present scope of the cooperative movement in the United States, Mr. Lincoln stated that last year "two-and-a-half million members of consumer cooperatives did a business of $750,000,000.

"Last year," he said, "they bought a $5,000,000 oil refinery in Kansas, they bought a $1,000,000 farm machinery plant in Indiana. They own oil wells, lumber mills, feed mills, fertilizer plants and the fourth largest auto machinery company in America.

"I see a greatly expanded cooperative movement at the close of the war. This means cooperative marketing, cooperative purchasing, finance, housing, and medical care." He added:

"The presence of well developed, successful cooperative enterprises in many of our commercial fields will restore healthy competition and true free enterprise where monopoly controls now exist. This will be as true in the international field as in the national. Government regulation of monopolies and cartels has not proven adequate to date. I fully expect the continuance of large-scale private enterprises such as we have now. Government, cooperatives and private profit enterprises will each provide checks and balances on the other."

Speaking at the same meeting, Roy F. Bergengren, managing director of the Credit Union National Association, said that his organization now represents "10,000 credit unions in the United States, allied with about 2,000 more credit unions in Canada in the same international organization, with approximately 4,000,000 members scattered from Honolulu to St. Johns, Newfoundland." Winslow Carlton, executive director of Group Health Cooperative, Inc., also spoke.

Gunnar Myrdal Pessimistic About America's Economic Future

Speaking on March 9 before the Swedish Society of Economists in Stockholm, Professor Gunnar Myrdal said that he feared a very hectic economic development in the United States after the end of the war in Europe. The economist and social welfare expert, who is also a member of the First Chamber of the Swedish Riksdag, recently returned from one of his frequent trips to the United States, where he had attended the publication of his work, "An American Dilemma—The Negro Problem and Modern Democracy," published by Harper & Brothers in New York under the auspices of the Carnegie Foundation.

The speaker said that he expected shortages of goods in certain lines and over-production in others. A general depression may be prevented by the temporary abundance of buying power, he stated, but from within one-half to three years the situation may ripen into a crisis.

World-Wide Consequences of America's Economic Trend

The American economic trend will have serious consequences for the whole world, Professor Myrdal declared, adding that in the United States foreign trade is not expected to play an important part in maintaining employment. "For the balance of world economy," the speaker continued, "it is calamitous that international trade is held to be so relatively unimportant. Efforts have been made through international organizations to build up a defense against this world danger, but from what I have seen of these negotiations, I am not too confident that they will bring results."

He admitted, in conclusion, that post-war planning is very much simpler and easier in Sweden but warned against over-optimism, since Sweden is so dependent upon the rest of the world.

Hershey Advises Draft Boards Occupational Deferments Under 26 Must Be More Exacting

Emphasizing the importance of meeting the calls of the armed forces for manpower, Major General Lewis B. Hershey, director of Selective Service, it was made known March 16, has written local board and appeal board members that occupational deferments, particularly with respect to registrants under the age of 26 years, must be more exacting. The announcement issued by the National Selective Service Headquarters added:

"Occupational deferments, the General asserted, are a temporary expedient to permit employers to obtain replacements and only those registrants whose individual efforts in a critical activity make them virtually indispensable should be considered for occupational deferment.

"Appraising the manpower situation as of Feb. 1, 1944, General Hershey pointed out that the armed forces face a deficit in their manpower requirements unless Selective Service meets its calls by July 1, 1944, when the combined desired strength of the Army, Navy, Marine Corps and Coast Guard has been fixed at 11,300,000.

"By the first of February, 1944, some 9,352,000 registrants had entered military service and, the General asserted, those men have the right to expect that the remaining registrants whose services are required by the armed forces will be made available."

With military man power needs running behind at the rate of 100,000 men a month, local draft boards were urged on March 16 to step up the induction of fathers and to seek out men now needlessly deferred in industry and agriculture. This was reported in Associated Press accounts from Washington on March 16, which indicated that Gen. Hershey in a letter to all boards, had said:

"We must, in the future, make fathers available in increasingly greater numbers to meet induction requirements. At the same time we must secure men from other classes and particularly we must secure men, fathers and non-fathers, from the group now deferred in industry and agriculture."

It was also stated in the press advices that Mr. Hershey estimated the revised regulation limiting occupational deferments for men under 26 would mean the drafting of 200,000 to 250,000 out of about 380,000 now deferred in war industries.

Hull's 17-Point Program Of U. S. Foreign Policy

A 17-point program of American foreign policy enunciated by Secretary of State Hull, was made public in a statement issued by the State Department on March 21. Mr. Hull described as "the paramount aim of our foreign policy" the "defeat of our enemies as quickly as possible." He declared that "cooperation between nations in the spirit of good neighbors, founded on the principles of liberty, equality, justice, morality and law, is the most effective method of safeguarding and promoting the political, the economic, the social and the cultural well-being of our nation and of all nations." He also contends that "some international agency must be created which can—by force, if necessary—keep the peace among nations in the future."

We are giving further below in full the statement embodying the principles set out by Secretary Hull which, almost with their issuance, claimed Congressional interest. As to this, special advices from Washington March 22 to the New York "Times" said:

The Senate Foreign Relations Committee spent two hours with Mr. Hull behind closed doors, and a group of 24 first-term Republican members of the House, adherents of international cooperation, accepted an invitation from Mr. Hull to confer with him on Friday (March 24).

Senator Tom Connally of Texas, Chairman of the Foreign Relations Committee, said Mr. Hull gave the members a broad picture of foreign relations, "bringing us up to date all over the world."

Mr. Hull, who appeared at the Committee's request, said he had discussed "whatever they wanted discussed." Neither would disclose whether or not Mr. Hull's 17 points had entered the discussions. . . .

Mr. Hull's invitation to the 24 "freshmen" members of the House to call upon him resulted from a letter they sent to him a week ago, requesting information "as to the objectives of American policy and the steps currently being taken in furtherance of these objectives."

Members of the group said, after a meeting today at which accepted the invitation, that the 17 points enunciated yesterday failed to answer the questions.

With respect to Mr. Hull's conference on March 24 with a group of Republican members of the House, Associated Press Washington advices stated:

Secretary of State Hull conferred with Republican Congressmen seeking specified data on United States foreign policy. Representative Clare Booth Luce, Connecticut, said afterward, "silence is still the State Department's settled policy," while others described the conference as helpful.

Text of State Department's Statement

As made public by the State Department, the statement on U. S. foreign policy follows:

Secretary of State Cordell Hull on March 21 informed press and radio correspondents that after returning from his recent trip to Florida he had noted a growing interest in the foreign policy of the United States and an increasing number of requests for information about various points in our foreign policy. He said that he was glad of this increased interest. The Secretary said that in addition to many statements and declarations by the President, he had himself made a number of basic statements on foreign policy during the past two years. He thought it would be a convenience and help to the public generally if there could be compiled a brief memorandum of a number of them. Accordingly, the following had been prepared:

Bases of the Foreign Policy of the United States

Our Fundamental National Interests—In determining our foreign policy we must first see clearly what our true national interests are. At the present time the paramount aim of our foreign policy is to defeat our enemies as quickly as possible. Beyond final victory, our fundamental national interests are the assuring of our national security and the fostering of the economic and social well-being of our people.

International Cooperation—Cooperation between nations in the spirit of good neighbors, founded on the principles of liberty, equality, justice, morality, and law, is the most effective method of safeguarding and promoting the political, the economic, the social, and the cultural well-being of our nation and of all nations.

International Organization Backed by Force—Some international agency must be created which can—by force, if necessary—keep the peace among nations in the future. A system of organized international cooperation for the maintenance of peace must be based upon the willingness of the cooperating nations to use force, if necessary, to keep the peace. There must be certainty that adequate and appropriate means are available and will be used for this purpose.

Political Differences — Political differences which present a threat to the peace of the world should be submitted to agencies which would use the remedies of discussion, negotiation, conciliation, and good offices.

International Court of Justice—Disputes of a legal character which present a threat to the peace of the world should be adjudicated by an international court of justice whose decisions would be based upon application of principles of law.

Reduction of Arms—International cooperative action must include eventual adjustment of national armaments in such a manner that the rule of law cannot be successfully challenged so that the burden of armaments may be reduced to a minimum.

Moscow Four Nation Declaration—Through this declaration, the Soviet Union, Great Britain, the United States and China have laid the foundation for cooperative effort in the post-war world toward enabling all peace-loving nations, large and small, to live in peace and security, to preserve the liberties and rights of civilized existence, and to enjoy expanded opportunities and facilities for economic, social and spiritual progress.

Spheres of Influence and Alliances—As the provisions of the four-nation declaration are carried into effect, there will no longer be need for spheres of influence, for alliances, for balance of power, or any other of the special arrangements through which, in the unhappy past, the nations strove to safeguard their security or to promote their interests.

Surveillance Over Aggressor Nations—In the process of reestablishing international order, the United Nations must exercise surveillance over aggressor nations until such time as the latter demonstrate their willingness and ability to live at peace with other nations. How long such surveillance will need to continue must depend upon the rapidity with which the peoples of Germany, Japan, Italy and their satellites give convincing proof that they have repudiated and abandoned the monstrous philosophy of superior race and conquest by force and have embraced loyally the basic principles of peaceful processes.

International Trade Barriers—Excessive trade barriers of the many different kinds must be reduced, and practices which impose injuries on others and divert trade from its natural economic course must be avoided.

International Finance—Equally plain is the need for making national currencies once more freely exchangeable for each other at stable rates of exchange; for a system of financial relations so devised that materials can be produced and ways may be found of moving them where there are markets created by human need; for machinery through which capital may—for the development of the world's resources and for the stabilization of economic activity—move on equitable terms from financially stronger to financially weaker countries.

Atlantic Charter: Reciprocal Obligations—The pledge of the Atlantic Charter is of a system which will give every nation, large or small, a greater assurance of stable peace, greater opportunity for the realization of its aspirations to freedom, and greater facilities for material advancement. But that pledge implies an obligation for each nation to demonstrate its capacity for stable and progressive government, to fulfill scrupulously its established duties to other nations, to settle its international differences and disputes by none but peaceful methods, and to make its full contribution to the maintenance of enduring peace.

Sovereign Equality of Nations—Each sovereign nation, large or small, is in law and under law the equal of every other nation. The principle of sovereign equality of all peace-loving States, irrespective of size and strength, as partners in a future system of general security will be the foundation stone upon which the future international organization will be constructed.

Form of Government—Each nation should be free to decide for itself the forms and details of its governmental organization so long as it conducts its affairs in such a way as not to menace the peace and security of other nations.

Non-Intervention—All nations, large and small, which respect the right of others are entitled to freedom from outside interference in their internal affairs.

Liberty—There is no surer way for men and for nations to show themselves worthy of liberty than to fight for its preservation, in any way that is open to them, against those who would destroy it for all. Never did a plainer duty to fight against its foes devolve upon all peoples who prize liberty and all who aspire to it. All peoples who, with "a decent respect to the opinions of mankind," have qualified themselves to assume and to discharge the responsibilities of liberty are entitled to its enjoyment.

Dependent Peoples—There rests upon the independent nations a responsibility in relation to dependent peoples who aspire to liberty. It should be the duty of nations having political ties with such peoples to aid them to develop materially and educationally, to prepare themselves for the duties and responsibilities of self-government, and to attain liberty. An excellent example of what can be achieved is afforded in the record of our relationship with the Philippines.

Haskell OCD Director

The appointment by President Roosevelt of Lieut. Gen. William N. Haskell, retired, to be Director of the Office of Civilian Defense, suceeding James M. Landis, was recently announced. Mr. Landis several months ago left for Cairo as U. S. Economic Coordinator in the Middle East. In special Washington advices to the New York "Herald Tribune" March 10, it was stated that the President told General Haskell he was "to lead in the . . . adjustment of our efforts to the task before us," without specifying the task. From the "Herald Tribune" we also quote:

"In a 400-word letter to General Haskell, Mr. Roosevelt acknowledged that the function of the OCD had changed since the danger of air raids on the United States evaporated, but he did not make it clear what he wanted the OCD to do now. He did say that "the Federal Government . . . cannot relax its responsibility to give the great volunteer armies of civilians the information they require as men and women engaged together in all our States and towns in national defense at home."

Steel Output Slated To Be Slightly Lower—Buying Hampered By Long Wait For Delivery

"Steel" of Cleveland, in its summary of the iron and steel markets, on March 27, stated in part as follows: "Steel buying is somewhat slower than in recent weeks, attributed to inability to obtain delivery promises on current orders until late in the year. Government agencies continue to place fairly heavy lots for nearby shipment, directives to obtain prompt delivery causing other tonnages to be deferred.

"Demand is not curtailed and pressure for shipment is strong, production being at a high point and tonnage moving from mills at a record rate. Most emphasis is on flat-rolled steel, plates and sheets, but bars are gaining momentum after the lull early in the year. Aided by heavy demand for light sections for shipbuilding, structural steel deliveries are somewhat more extended.

"Pig iron production in February totaled 5,083,013 net tons, compared with 4,766,001 tons in the same month last year and 5,275,852 tons in January. During February production was at 96.3% of capacity, while in January it was at 93.4%.

"Blast furnaces depending principally on Lake Superior iron ore smelted 7,207,342 gross tons of ore in February, compared with 7,103,914 tons in the same month last year. Ore on hand at furnaces and on Lake Erie docks March 1 totaled 28,909,576 tons, compared with 32,743,294 tons a year earlier.

"Renewed activity in railroad equipment, which started with unusually heavy buying in February, is continuing, a number of inquiries being out and several lots being placed with carbuilders. Office of Defense Transportation has asked allocation of 2,200,000 tons of steel rails for 1944, compared with 1,538,943 tons delivered in 1943. Rail mills are operating at capacity to meet deliveries on approved tonnages.

"Decline of beehive coke production, which has been progressing since the first of the year, has leveled off with about 1,000 ovens idle, and output now is well balanced with demand. Most of the suspended ovens provided merchant coke for blast furnaces now idle."

The American Iron and Steel Institute on March 27 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 99.1% of capacity for the week beginning March 27, compared with 99.2% one week ago, 97.5% one month ago and 99.5% one year ago. The operating rate for the week beginning March 27 is equivalent to 1,775,200 tons of steel ingots and castings, compared to 1,777,000 tons one week ago, 1,746,500 tons one month ago and 1,723,000 tons one year ago.

Factory Workers Hours And Earnings Higher

Declines in employment produced 5.8 million fewer hours of manufacturing work in the mid-week of January than in the mid-week of December, Secretary of Labor Frances Perkins reported on March 23. "In spite of this decline, there was an increase in the work-week from 44.8 to 45.1 hours, arising largely because of the abnormally high flu-induced absenteeism in December," she said, and added:

"In the mid-week of January, 616½ million hours of manufacturing time were worked, about 20½ million less than in November, 1943, the peak month. The decline in employment of 347,000 over this two-month period was primarily responsible for the decrease in total hours. However, the average number of hours per week also declined from 45.5 to 45.1.

"Five of the durable-goods groups reported fewer manufacturing hours per week in January than in December. The decline of 1½ million hours in the transportation equipment group and of 63,000 hours in the iron and steel group were due entirely to employment drops. However, the declines in the other three groups, namely, lumber, furniture and stone, reflected a shorter work-week coupled with declines in employment. The largest increase in total manufacturing hours occurred in the automobile group and took place in spite of a decline in employment. The average hours per week in this industry increased 4% between December and January. Similarly, the lesser increases in the machinery, electrical machinery and the non-ferrous groups all occurred because the work-weeks were lengthened sufficiently to more than offset declines in employment.

"While all but two of the non-durable groups showed declines in their total manufacturing hours, the largest declines occurred in the textile and food groups. In the textile group employment and average hours per week declined simultaneously while the decline of over a million hours in the food group occurred in spite of an increase in the work-week of from 45.5 to 45.9. Factory workers in the non-durable group as a whole put in 3½ million fewer man-hours per week in January than in December.

"Average weekly earnings in January amounted to $45.15. The earnings in the durable-goods group where most of the war production is concentrated amounted to $51.21 while the earnings in the non-durable group averaged $35.91. The increase in weekly earnings of almost $1 in the apparel group reflects the widespread wage-rate increases granted to the industries in this group. Weekly earnings in this group still average slightly less than $29.

"The average hours per week in both anthracite and bituminous coal mining declined between December and January. Average hourly earnings in both these industries increased about one cent between December and January and are now five cents more than in November. The increase in hourly earnings in bituminous coal mining reflects the payment of portal-to-portal pay while the increase in the anthracite mining industry is the result of the 32.2 cents a day increase to anthracite miners. Both of these increases were effective in November."

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended March 18, 1944 is estimated at 11,920,000 net tons, a decrease from the preceding week of 290,000 tons, or 2.4%. Bituminous coal and lignite output in the week ended March 20, 1943 amounted to 12,274,000 tons. Total production for the current year to date is 3.7% in excess of that for the same period last year.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended March 18, 1944 was estimated at 1,231,000 tons, a decrease of 19,000 tons, or 1.5%, from the preceding week. When compared with the production in the corresponding week of 1943 there was, however, an increase of 10,000 tons, or 0.8%. The calendar year to date shows an increase of 6.0% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States showed a decrease of 4,600 tons when compared with the output for the week ended March 11, 1944. The quantity of coke from beehive ovens increased 500 tons during the same period.

The total production of soft coal in the week ended March 18 is estimated at 11,920,000 net tons, a decrease from the preceding week of 290,000 tons, or 2.4%. Production in the week of March 20, 1943, amounted to 12,274,000 tons.

Cumulative production of soft coal in 1944 to date is 3.7% above that in 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

(Data for Pennsylvania anthracite from Weekly Anthracite and Beehive Coke Report of the Bureau of Mines.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	March 18, 1944	March 11, 1944	March 20, 1943	*March 18, 1944	March 20, 1943	March 20, 1937
Total, incl. mine fuel	11,920,000	12,210,000	12,174,000	138,927,000	133,988,000	118,139,000
Daily average	1,987,000	2,035,000	2,046,000	2,083,000	2,000,000	1,766,000

*Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§March 18, 1944	¶March 11, 1944	March 20, 1943	March 18, 1944	March 20, 1943	March 23, 1929
*Total incl. coll. fuel	1,231,000	1,250,000	1,221,000	14,175,000	13,375,000	17,279,000
†Commercial produc.	1,182,000	1,200,000	1,172,000	13,609,000	12,840,000	16,035,000
Byproduct coke— United States total	1,279,200	1,283,800	1,215,700	14,215,900	13,742,200	‡
Beehive coke— United States total	149,100	148,600	165,100	1,739,000	1,779,600	1,438,000

*Includes washery and dredge coal, and coal shipped by truck from authorized operation. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	March 11, 1944	March 4, 1944	March 13, 1943	March 13, 1937
Alabama	408,000	390,000	382,000	313,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	95,000	88,000	107,000	48,000
Colorado	178,000	176,000	187,000	157,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,565,000	1,548,000	1,523,000	1,583,000
Indiana	556,000	545,000	503,000	516,000
Iowa	50,000	55,000	67,000	117,000
Kansas and Missouri	190,000	178,000	189,000	180,000
Kentucky—Eastern	959,000	905,000	1,032,000	877,000
Kentucky—Western	351,000	336,000	311,000	273,000
Maryland	38,000	35,000	40,000	38,000
Michigan	8,000	7,000	3,000	29,000
Montana (bitum. & lignite)	95,000	109,000	89,000	62,000
New Mexico	41,000	34,000	39,000	40,000
North & South Dakota (lignite)	53,000	55,000	54,000	45,000
Ohio	631,000	655,000	672,000	663,000
Pennsylvania (bituminous)	2,853,000	2,928,000	2,958,000	2,878,000
Tennessee	164,000	161,000	162,000	136,000
Texas (bituminous & lignite)	3,000	3,000	3,000	14,000
Utah	135,000	136,000	122,000	103,000
Virginia	400,000	387,000	424,000	324,000
Washington	34,000	28,000	38,000	39,000
†West Virginia—Southern	2,247,000	2,166,000	2,446,000	2,098,000
‡West Virginia—Northern	969,000	936,000	971,000	768,000
Wyoming	180,000	182,000	194,000	131,000
§Other Western States	1,000	1,000	*	1,000
Total bituminous & lignite	12,210,000	12,050,000	12,523,000	11,435,000
¶Pennsylvania anthracite	1,250,000	1,404,000	1,292,000	994,000
Total, all coal	13,460,000	13,454,000	13,815,000	12,429,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona, California, Idaho, Nevada and Oregon. ¶Data for Pennsylvania anthracite from published records of the Bureau of Mines. *Less than 1,000 tons.

Proposal To Revive Crop Insurance Under Bill Introduced By Fulmer

A proposal to revive and expand Federal crop insurance was submitted to Congress on March 20 by Representative Hampton P. Fulmer, Chairman of the House Agriculture Committee. According to the Associated Press, crop insurance under the bill would be continued on wheat and cotton beginning with 1945 and extended to tobacco, corn and rice in 1946. The Associated Press accounts, from Washington March 20, as given in the New York "Times," further said:

The insurance program on wheat had been in effect five years and on cotton for two years before Congress last year ordered the Federal Crop Insurance Corporation liquidated because of heavy losses to the Government. Liquidation is still under way.

Under Representative Fulmer's bill, the wheat insurance program would be continued on the basis of per acre yield. Coverage would be up to 75% of the "normal yield" of counties in which the insured farmer lives.

In the case of cotton, corn, tobacco and rice, however, the grower would be insured for 75% of the cost of investment in cases of total loss.

The Government would continue to bear the cost of administration through the insurance corporation. But if the premium collections were insufficient to pay the losses for any one year, the corporation could provide only enough additional funds to permit payment of within 15% of the maximum 75% than can be paid for total losses.

Premiums would be set by the corporation.

Electric Output For Week Ended Mar. 25, 1944 Shows 12.2% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Mar. 25, 1944, was approximately 4,409,159,000 kwh., compared with 3,928,170,000 kwh. in the corresponding week a year ago, an increase of 12.2%. The output for the week ended Mar. 18, 1944, was 11.5% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Mar. 25	Mar. 18	Mar. 11	Mar. 4
New England	4.7	5.2	7.0	8.4
Middle Atlantic	11.4	10.7	12.6	12.5
Central Industrial	9.5	8.8	8.9	8.8
West Central	6.6	8.1	5.7	6.4
Southern States	11.1	9.5	11.2	13.4
Rocky Mountain	6.5	5.2	5.6	7.2
Pacific Coast	28.0	28.3	27.2	29.3
Total United States	12.2	11.5	12.2	13.1

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265	1,542,000
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482	1,733,810
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201	1,736,721
Jan. 22	4,531,662	3,974,202	+14.0	3,440,163	1,588,967	1,717,315
Jan. 29	4,523,763	3,976,844	+13.8	3,468,193	1,588,853	1,728,203
Feb. 5	4,524,134	3,960,242	+14.2	3,474,638	1,578,817	1,726,161
Feb. 12	4,532,730	3,939,708	+15.1	3,421,639	1,545,459	1,718,304
Feb. 19	4,511,562	3,948;749	+14.3	3,423,589	1,512,158	1,699,250
Feb. 26	4,444,939	3,892,796	+14.2	3,409,907	1,519,679	1,706,719
March 4	4,464,686	3,946,630	+13.1	3,392,121	1,538,452	1,702,570
March 11	4,425,630	3,944,679	+12.2	3,357,444	1,537,747	1,687,229
March 18	4,400,246	3,946,836	+11.5	3,357,032	1,514,553	1,683,262
March 25	4,409,159	3,928,170	+12.2	3,345,502	1,480,208	1,679,589

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†

(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Mar. 28	119.68	111.44	118.20	116.41	111.44	100.81	104.66	113.70	116.22
27	119.70	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
25	119.80	111.44	118.20	116.61	111.44	100.81	104.83	113.89	116.41
24	119.86	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
23	119.96	111.44	118.40	116.61	111.44	100.81	104.66	113.89	116.41
22	119.96	111.44	118.40	116.61	111.44	100.81	104.66	113.89	116.41
21	119.85	111.44	118.40	116.61	111.25	100.65	104.48	113.70	116.41
20	119.93	111.44	118.40	116.61	111.44	100.81	104.48	113.70	116.41
18	120.13	111.44	118.20	116.41	111.44	100.65	104.48	113.70	116.41
17	120.14	111.44	118.20	116.61	111.25	100.65	104.66	113.70	116.41
16	120.13	111.44	118.20	116.41	111.25	100.81	104.48	113.89	116.41
15	120.10	111.25	118.20	116.41	111.25	100.81	104.66	113.89	116.41
14	120.18	111.44	118.20	116.61	111.25	100.65	104.48	113.70	116.41
13	120.23	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
11	120.26	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
10	120.26	111.44	118.20	116.41	111.25	100.81	104.48	113.70	116.41
9	120.26	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.41
8	120.27	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
7	120.38	111.44	118.20	116.61	111.25	100.65	104.48	113.70	116.41
6	120.44	111.25	118.20	116.61	111.25	100.49	104.48	113.70	116.41
4	120.43	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
3	120.44	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
2	120.42	111.25	118.20	116.22	111.25	100.49	104.31	113.70	116.22
1	120.32	111.25	118.20	116.41	111.25	100.49	104.31	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
18	119.96	111.25	118.40	116.41	111.07	100.49	104.31	113.50	116.41
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
High 1944	120.44	111.44	118.80	116.61	111.44	100.81	104.83	113.89	116.61
Low 1944	119.41	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year ago									
Mar. 27, 1943	116.96	109.60	117.80	115.43	110.70	96.23	100.65	113.12	115.63
2 Years ago									
Mar. 28, 1942	118.20	106.74	116.22	113.70	107.62	92.06	97.16	110.34	113.70

MOODY'S BOND YIELD AVERAGES

(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Mar. 28	1.83	3.09	2.74	2.83	3.09	3.70	3.47	2.97	2.84
27	1.83	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
25	1.83	3.09	2.74	2.82	3.09	3.70	3.46	2.96	2.83
24	1.82	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
23	1.81	3.09	2.73	2.82	3.09	3.70	3.47	2.96	2.83
22	1.81	3.09	2.73	2.82	3.09	3.70	3.47	2.96	2.83
21	1.82	3.09	2.73	2.82	3.10	3.71	3.48	2.97	2.83
20	1.82	3.09	2.73	2.82	3.09	3.70	3.48	2.97	2.83
18	1.80	3.09	2.74	2.83	3.09	3.71	3.48	2.97	2.83
17	1.80	3.09	2.74	2.82	3.10	3.71	3.47	2.97	2.83
16	1.80	3.09	2.74	2.83	3.10	3.70	3.48	2.96	2.83
15	1.80	3.10	2.74	2.83	3.10	3.70	3.47	2.96	2.83
14	1.81	3.09	2.74	2.82	3.10	3.71	3.48	2.97	2.83
13	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
11	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
10	1.81	3.09	2.74	2.83	3.10	3.70	3.48	2.97	2.83
9	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.83
8	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
7	1.80	3.09	2.74	2.82	3.10	3.71	3.48	2.97	2.83
6	1.79	3.10	2.74	2.82	3.10	3.72	3.48	2.97	2.83
4	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
3	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
2	1.80	3.10	2.74	2.84	3.10	3.72	3.49	2.97	2.84
1	1.81	3.10	2.74	2.83	3.10	3.72	3.49	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
18	1.83	3.10	2.73	2.83	3.11	3.72	3.49	2.98	2.83
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.79	3.09	2.71	2.82	3.09	3.70	3.46	2.96	2.82
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year ago									
Mar. 27, 1943	2.07	3.19	2.76	2.88	3.13	3.99	3.71	3.00	2.87
2 Years ago									
Mar. 28, 1942	1.96	3.35	2.84	2.97	3.30	4.27	3.93	3.15	2.97

*These prices are computed from average yields on the basis of one "typical" bond 3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Davis Of WLB Declares Subsidies Help To Maintain Wage Scales

A warning to Congress that if subsidies are abandoned "we couldn't hold present wage scales," was given by Chairman William H. Davis of the War Labor Board.

This is learned from Associated Press Washington advices, March 23, which stated that he told the Senate Banking Committee that the Board, meanwhile, would continue to adhere to the "Little Steel" wage formula unless inquiries now under way should convince the members that it causes "gross inequities and injustice." The advices, from which we quote, as given in the New York "World Telegram," further stated:

Mr. Davis departed from a prepared statement in which he said wage rates have been stabilized when Senator Danaher (R.-Conn.) asked him if it was his purpose to "ask Congress to up the 'Little Steel' formula," under which the Board limits average wage-scale increases to 15% above Jan. 1, 1941, levels.

"We have no such purpose," Mr. Davis replied.

He said the Board yesterday initiated inquiries into whether the "Little Steel" formula had held wages down to the point where it has created injustices.

Earlier, he declared that any attempt to limit "take home" earnings of workers might prove "disastrous to the war effort."

Mr. Davis contended that WLB decisions on wage increase demands have not disturbed the basic living cost structure, and added that increases in actual earnings, not subject to wage rate controls, are not "inconsistent with objectives of the stabilization program."

Introduce Bill Upping Federal Debt Limit

Legislation to increase the Federal debt limit to $260,000,000,000, the highest in the history of the United States, was introduced in the House on March 23 by Representative Doughton (Democrat), of North Carolina, Chairman of the House Ways and Means Committee.

The limit now is $210,000,000,000—raised from $125,000,000.000 last March, it was pointed out in Associated Press accounts from Washington, which also stated:

"President Roosevelt, in his budget message to Congress early in the year, estimated the public debt would reach $258,000,000,000 by June 30, 1945. Last Monday (March 20) the debt was $184,648,000,000, compared with $115,438,000,000 on the corresponding date last year and $43,000,000,000 on July 1, 1940.

"Since July 1, 1940, Congress has authorized war expenditures aggregating $327,000,000,000, much of which has not yet been used.

"The President has asked Congress to appropriate approximately $99,000,000,000 for the fiscal year beginning July 1, of which about $93,000,000,000 would be for war purposes."

Moody's Daily Commodity Index

Tuesday, March 21, 1944	251.0
Wednesday, March 22	250.7
Thursday, March 23	250.9
Friday, March 24	251.3
Saturday, March 25	251.2
Monday, March 27	251.5
Tuesday, March 23	251.0
Two weeks ago, March 14	250.8
Month ago, Feb. 23	249.2
Year ago, March 27	243.3
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

Trading On New York Exchanges

The Securities and Exchange Commission made public on Mar. 18 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Mar. 4, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Mar. 4 (in round-lot transactions) totaled 1,400,607 shares, which amount was 16.35% of the total transactions on the Exchange of 4,285,150 shares. This compares with member trading during the week ended Feb. 26 of 1,314,279 shares, or 15.18% of the total trading of 4,328,350 shares. On the New York Curb Exchange, member trading during the week ended Mar. 4 amounted to 473,860 shares, or 14.35% of the total volume on that exchange of 1,651,070 shares; during the Feb. 26 week trading for the account of Curb members of 344,825 shares was 13.91% of total trading of 1,239,195 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED MARCH 4, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	88,660	
‡Other sales	4,196,490	
Total sales	4,285,150	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	344,850	
Short sales	50,010	
‡Other sales	302,720	
Total sales	352,730	8.14
2. Other transactions initiated on the floor—		
Total purchases	223,640	
Short sales	5,300	
‡Other sales	222,430	
Total sales	227,730	5.27
3. Other transactions initiated off the floor—		
Total purchases	129,256	
Short sales	3,900	
‡Other sales	118,501	
Total sales	122,401	2.94
4. Total—		
Total purchases	697,746	
Short sales	59,210	
‡Other sales	643,651	
Total sales	702,861	16.35

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED MARCH 4, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	16,415	
‡Other sales	1,634,655	
Total sales	1,651,070	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	103,660	
Short sales	3,995	
‡Other sales	126,690	
Total sales	130,685	7.10
2. Other transactions initiated on the floor—		
Total purchases	73,470	
Short sales	4,250	
‡Other sales	60,955	
Total sales	65,205	4.20
3. Other transactions initiated off the floor—		
Total purchases	43,695	
Short sales	2,850	
‡Other sales	54,295	
Total sales	57,145	3.05
4. Total—		
Total purchases	220,825	
Short sales	11,095	
‡Other sales	241,940	
Total sales	253,035	14.35
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	58,932	
Total purchases	58,932	
Total sales	37,952	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Commodity Index Advanced 0.2% In Week Ended March 18, Labor Dept. Reports

During the week ended March 18 the Bureau of Labor Statistics' index for commodity prices in primary markets advanced 0.2%, principally because of much higher prices for grains, livestock, and cotton, the U. S. Labor Dept. announced March 23. It added that the general level for the nearly 900 price series now stands at 103.6% of the 1926 average. It is 0.3% above a month ago and 0.6% higher than the corresponding week of last year, said the Department, which further reported:

"**Farm Products and Foods**—Prices for farm products in primary markets rose 0.9% during the week. Sharply higher prices were reported for rye and wheat, for cows, hogs, and sheep, and for cotton. Markets for fruits and vegetables were mixed. Quotations for lemons, onions, sweet potatoes, and apples were higher, while prices for oranges, apples in New York market and white potatoes in Chicago were lower. Quotations for eggs averaged lower although increases were reported for the Chicago and New Orleans markets. In addition to these price changes, quotations for flour were slightly higher and cheese advanced fractionally at San Francisco. Compared with the corresponding week in March 1943, average prices for farm products were up by 1.7%, but for foods they were 2.3% lower.

"**Industrial Commodities**—Anthracite prices went down this week in a number of cities in addition to those where declines had occurred earlier in March, reflecting the discontinuance of the temporary upward price adjustment permitted by OPA during February to cover the beginning of the 7-day work week. The change, however, was not sufficient to affect the fuel and lighting materials group. In the building materials group, higher prices were reported for rosin and turpentine, for common brick in a few markets, and for second grade maple flooring. As a result the level for the group was fractionally above a week ago. Except for these changes, markets for other major industrial products continued to show relative stability and remained unchanged from the preceding week."

The following notation was contained in the Department's announcement:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for February 19, 1944 and March 20, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from March 11 to March 18, 1944.

WHOLESALE PRICES FOR WEEK ENDED MARCH 18, 1944

(1926=100)

						Percentage change to March 18, 1944 from—		
Commodity Groups—	3-18 1944	3-11 1944	3-4 1944	2-19 1944	3-20 1943	3-11 1944	2-19 1944	3-20 1943
All commodities	*103.6	*103.4	*103.4	*103.3	103.0	+0.2	+0.3	+. 0.6
Farm products	*124.5	*123.4	*123.2	*122.8	122.4	+0.9	+1.4	+ 1.7
Foods	104.6	104.6	104.5	104.1	107.1	0	+0.5	— 2.3
Hides and leather products	117.6	117.6	117.6	117.7	118.4	0	—0.1	— 0.7
Textile products	97.3	97.3	97.3	97.2	96.8	0	+0.1	+ 0.5
Fuel and lighting materials	*83.6	83.6	83.7	83.7	80.8	0	—0.1	+ 3.5
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	113.8	113.7	113.7	113.7	110.4	+0.1	+0.1	+ 3.1
Chemicals and allied products	100.4	100.4	100.4	100.4	100.0	0	0	+ 0.4
Housefurnishing goods	105.9	105.9	105.9	106.2	104.2	0	—0.3	+ 1.6
Miscellaneous commodities	93.3	93.3	93.3	93.3	91.2	0	0	+ 2.3
Raw materials	*113.9	*113.3	*113.2	*113.0	111.5	+0.5	+0.8	+ 2.2
Semimanufactured articles	93.5	93.5	93.5	93.5	92.9	0	0	+ 0.6
Manufactured products	*100.6	*100.6	*100.6	*100.6	100.6	0	0	0
All commodities other than farm products	*99.2	*99.2	*99.2	*99.2	98.8	0	0	+ 0.4
All commodities other than farm products and foods	*98.2	*98.2	*98.3	*98.2	96.6	0	0	+ 1.7

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MARCH 11, 1944 TO MARCH 18, 1944

Increases			
Livestock and poultry	1.9	Paint and paint materials	0.2
Other farm products	0.3	Brick and tile	0.1
Grains	0.2	Cereal products	0.1
Other foods	0.1		
Decreases			
Anthracite	0.6	Fruits and vegetables	0.2
Mixed fertilizers	0.2		

Civil Engineering Construction $32,909,000 For Week Tops Week Ago By 12%

Civil engineering construction volume in continental United States totals $32,909,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 12% higher than in the preceding week, but 56% lower than the volume reported for the corresponding 1943 week by "Engineering News-Record." The report made public on March 23 continued as follows:

Public construction is 18% above last week as a result of the 23% gain in Federal work, and is responsible for the increase over a week ago as private work is 25% lower. Compared with the 1943 week, however, public is down 49%, and private construction is down 79%.

The current week's construction brings 1944 volume to $420,710,000 for the 12 weeks, a decrease of 50% from the $839,041,000 reported for the period in 1943. Private construction, $88,090,000, is 7% above last year, but public work, $332,620,000, is down 56% due to the 59% decline in Federal work.

Civil engineering construction volumes for the 1943 week, last week and the current week are:

	Mar. 25, 1943	Mar. 16, 1944	Mar. 23, 1944
Total U. S. construction	$74,130,000	$29,415,000	$32,909,000
Private construction	15,705,000	4,304,000	3,236,000
Public construction	58,425,000	25,111,000	29,673,000
State and municipal	4,356,000	2,874,000	2,299,000
Federal	54,069,000	22,237,000	27,374,000

In the classified construction groups, gains over last week are in bridges, commercial building and large-scale private housing, public buildings, earthwork and drainage, and unclassified construction. Earthwork and drainage is the only class of work to report an increase over the 1943 week. Subtotals for the week in each class of construction are: waterworks, $172,000; sewerage, $357,000; bridges, $89,000; industrial buildings, $1,628,000; commercial building and large-scale private housing, $1,355,000; public buildings, $14,903,000; earthwork and drainage, $2,134,000; streets and roads, $1,845,000; and unclassified construction, $10,426,000.

New construction capital for the week totals $2,044,000, a decrease of 40% from volume for the week last year. The week's new financing is made up of $2,000,000 in corporate security issues, and $44,000 in State and municipal bond sales. New construction financing for 1944 to date, $177,233,000, is 183% above the $62,718,000 for the 12 weeks of 1943.

Derieux In OPA Post

The appointment of James C. Derieux, former Regional Administrator at Atlanta, Ga., to the position of Deputy Administrator for field operations in the national headquarters of the Office of Price Administration in Washington, was announced on March 5 by Price Administrator Chester Bowles. At the same time, Mr. Bowles announced that Alexander Harris, former Assistant Regional Administrator at Atlanta, would succeed Mr. Derieux as Acting Regional Administrator.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on March 18 a summary for the week ended March 11 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended March 11, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	21,469
Number of shares	612,010
Dollar value	$24,230,501
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	254
*Customers' other sales	22,326
Customers' total sales	22,580
Number of Shares:	
Customers' short sales	7,949
*Customers' other sales	628,484
Customers total sales	636,433
Dollar value	$20,913,026
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	170
†Other sales	194,070
Total sales	194,240
Round-Lot Purchases by Dealers:	
Number of shares	179,220

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Cotton Spinning For February

The Bureau of the Census announced on March 18, that according to preliminary figures, 23,330,558 cotton spinning spindles were in place in the United States on Feb. 29, 1944, of which 22,513,390 were operated at some time during the month, compared with 22,217,994 for January, 22,596,322 for December, 22,623,406 for November, 22,599,426 for October, 22,631,338 for September, and 22,906,562 for February, 1943. The aggregate number of active spindle hours reported for the month was 9,665,632,766. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during February, 1944, at 123.3% capacity. This percentage compares, on the same basis, with 124.0 for January, 115.3 for December, 125.3 for November, 129.5 for October, 127.5 for September, and 135.9 for February, 1943. The average number of active spindle hours per spindle in place for the month was 414.

Greene To Join Internat'l Statistical Bureau, Inc.

Wil Greene, Deputy Director of the Textile, Clothing and Leather Division of the Office of Civilian Requirements, War Production Board, will join the International Statistical Bureau, Inc., on April 3, according to A. W. Zelomek, President of the Bureau. Mr. Greene will be Director of Textile-Apparel Research for the Bureau. It is announced that Mr. Geene has been with the War Production Board, first with the Office of Civilian Supply and then with the Office of Civilian Requirements, for the past two and a half years. Prior to that he was with Fairchild Publications as assistant Dry Goods editor of the Daily News Record for nearly 20 years.

Mr. Greene was also consulting editor to the International Statistical Bureau before his Government association.

Daily Average Crude Oil Production For Week Ended Mar. 18, 1944 Increased 4,100 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended March 18, 1944, was 4,385,275 barrels, an increase of 4,100 barrels over the preceding week, and a gain of 481,625 barrels per day in excess of that recorded for the corresponding period of last year. The current output was also 16,975 barrels per day more than the daily average figure recommended by the Petroleum Administration for War for the month of March, 1944. Daily output for the four weeks ended March 18, 1944, averaged 4,420,800 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,437,000 barrels of crude oil daily and produced 13,393,000 barrels of gasoline, 1,603,000 barrels of kerosene, 4,596,000 barrels of distillate fuel oil and 9,293,000 barrels of residual fuel oil during the week ended March 18, 1944, and had in storage at the end of that week 86,185,000 barrels of gasoline, 6,861,000 barrels of kerosene, 31,808,000 barrels of distillate fuel and 51,010,000 barrels of residual fuel oil. The above figures apply to the country as a whole and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations March	*State Allowables Begin. Mar. 1	Actual Production		4 Weeks Ended Mar. 18, 1944	Week Ended Mar. 20, 1943
			Week Ended Mar. 18, 1944	Change from Previous Week		
Oklahoma	328,000	327,000	†329,400	+ 1,100	327,450	342,450
Kansas	285,000	269,400	†284,150	+24,650	274,050	315,400
Nebraska	1,000	----	†1,350	+ 50	1,350	2,350
Panhandle Texas			92,850	----	96,100	88,600
North Texas			142,600	----	141,650	137,000
West Texas			340,900	----	348,250	218,100
East Central Texas			116,600	----	116,700	99,800
East Texas			365,100	----	374,200	323,400
Southwest Texas			291,500	----	290,450	172,400
Coastal Texas			513,800	----	514,800	353,600
Total Texas	1,838,000	‡1,854,302	1,863,350	----	1,882,150	1,392,900
North Louisiana			76,200	— 350	76,350	88,950
Coastal Louisiana			283,950	----	283,650	250,600
Total Louisiana	347,700	372,700	360,150	— 350	360,000	339,550
Arkansas	76,700	78,591	79,700	+ 400	79,300	70,800
Mississippi	46,000		38,700	— 4,250	42,150	58,300
Alabama			25	----	----	----
Florida			50	----	50	----
Illinois	215,000		207,700	—19,200	215,000	229,500
Indiana	13,600		11,850	— 3,450	13,350	13,750
Eastern— (Not incl. Ill., Ind., Ky.)	72,200		72,150	+ 3,500	91,950	78,350
Kentucky	24,000		19,100	— 5,850	21,650	17,000
Michigan	52,000		53,750	+ 250	53,000	55,700
Wyoming	93,000		94,500	+ 2,000	93,500	90,050
Montana	24,000		20,800	----	20,800	17,800
Colorado	7,000		7,900	+ 200	7,800	6,850
New Mexico	111,700	111,700	112,850	— 50	112,900	92,400
Total East of Calif.	3,534,900		3,557,475	— 1,000	3,596,450	3,123,150
California	833,400	§833,400	827,800	+ 5,100	824,350	780,500
Total United States	4,368,300		4,385,275	+ 4,100	4,420,800	3,903,650

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. March 16, 1944.

‡This is the net basic allowable as of March 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 20 days, the entire state was ordered shut down for 8 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 8 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MARCH 18, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

	Daily Refining Capacity		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
			Crude Runs to Stills		§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
District—	Potential Rate	% Reporting	Daily Average	% Operated				
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,448	90.0	2,268	92.6	6,806	37,080	14,416	15,316
Appalachian—								
District No. 1	130	83.9	103	79.2	281	2,012	1,051	200
District No. 2	47	87.2	53	112.8	153	1,268	349	147
Ind., Ill., Ky.	824	85.2	769	93.3	2,676	20,056	5,481	2,943
Okla., Kans., Mo.	416	80.1	351	84.4	1,158	8,187	1,562	1,256
Rocky Mountain—								
District No. 3	8	26.9	10	125.0	28	77	20	28
District No. 4	141	58.3	103	73.0	288	2,100	355	511
California	817	89.9	780	95.5	2,003	15,405	8,574	30,609
Total U. S. B. of M. basis March 18, 1944	4,831	87.1	4,437	91.8	13,393	†86,185	31,808	51,010
Total U. S. B. of M. basis March 11, 1944	4,831	87.1	4,387	90.8	13,068	86,559	32,705	51,362
U. S. Bur. of Mines basis March 20, 1943			3,592		10,228	94,477	32,933	68,299

*At the request of the Petroleum Administration for War. †Finished, 75,524,000 barrels; unfinished, 10,661,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,603,000 barrels of kerosene, 4,596,000 barrels of gas oil and distillate fuel oil and 9,293,000 barrels of residual fuel oil produced during the week ended March 18, 1944, which compares with 1,652,000 barrels, 4,243,000 barrels and 8,796,000 barrels, respectively, in the preceding week and 1,428,000 barrels, 3,956,000 barrels and 7,151,000 barrels, respectively, in the week ended March 20, 1943.

Note—Stocks of kerosene at March 18, 1944 amounted to 6,861,000 barrels, as against 6,851,000 barrels a week earlier and 5,284,000 barrels a year before.

National Fertilizer Association Price Index Declines Fractionally

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public March 27, declined fractionally to 137.2 in the week ending March 25 from 137.3 in the preceding week. A month ago this index registered 137.0 and a year ago 135.9, based on the 1935-1939 average as 100. The Association's report added:

The all-commodity price index receded slightly after advancing steadily for three consecutive weeks. The farm products group declined to the level of a month ago as quotations for good and choice cattle and light and heavy hogs were lower. Prices for calves and lambs continued to advance. Higher prices were also quoted for rye and cotton. The foods group advanced fractionally as higher prices for potatoes and oranges were more than sufficient to offset lower prices for eggs and Wisconsin Dairies cheese. The textiles group continued to move into higher ground as cotton and brown sheetings advanced. The average of industrial commodities remained the same.

During the week seven price series advanced and six declined; in the preceding week there were nine advances and two declines; and in the second preceding week they were evenly balanced with three advances and three declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Mar. 25, 1944	Preceding Week Mar. 18, 1944	Month Ago Feb. 26, 1944	Year Ago Mar. 27, 1943
25.3	Foods	137.9	137.7	138.4	138.7
	Fats and Oils	146.1	146.1	146.1	148.0
	Cottonseed Oil	159.6	159.6	159.6	160.1
23.0	Farm Products	157.0	158.5	157.0	155.8
	Cotton	202.1	200.9	199.0	201.7
	Grains	164.8	164.8	164.8	140.6
	Livestock	147.1	149.7	147.7	152.4
17.3	Fuels	130.1	130.1	130.1	121.8
10.8	Miscellaneous commodities	132.2	132.2	131.4	130.4
8.2	Textiles	152.2	152.0	151.8	151.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	152.2
1.3	Chemicals and drugs	127.7	127.7	127.7	126.6
.3	Fertilizer materials	117.7	117.7	117.7	117.9
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	137.2	137.3	137.0	135.9

*Indexes on 1926-1928 base were: March 25, 1944, 106.9; March 18, 107.0, and March 27, 1943, 105.9.

Non-Ferrous Metals—Allotment Of Foreign Lead For April Larger—Zinc Demand Gains

"E. & M. J. Metal and Mineral Markets," in its issue of March 23 stated:

"Consumers of lead asked for more foreign metal for delivery during April than for any month so far this year. Even should domestic lead supplies available for shipment next month be somewhat smaller, the combined shipments of domestic and foreign metal will be up, pointing to increased consumption of lead. Zinc showed greater activity as April certificates began to circulate in the market. Copper is going into consumption at the highest rate on record. There were no important price developments in non-ferrous metals during the last last week."

The publication further went on to say in part:

Copper

Producers of copper were busy last week arranging for April shipments that promise to be virtually as large as those of March.

Owing to the manpower situation at the mines, smelters, and refineries, which is expected to become more serious this summer, WPB is asking for full production wherever possible. Michael Schwarz, head of the Copper Division, believes that mine output this year will be less than in 1943. The industry is not so pessimistic, because new production will contribute a fair tonnage to this year's total.

Matahambre, operating in Cuba, will continue to sell 1,600 tons of copper monthly to the United States Government during April, May, and June at 13.9c a pound.

The brass mill industry of the United States produced 5,610,026,000 lb. of alloyed and unalloyed products in 1943, an all-time high, according to the Copper Division, WPB. Production, by months, in thousands of pounds, follows:

	Alloyed Products	Unalloyed Products	Totals
January	426,848	37,672	464,520
February	405,792	34,418	440,210
March	461,837	37,526	499,363
April	441,479	33,248	474,727
May	452,148	32,248	484,396
June	425,627	32,044	457,671
July	396,827	28,820	425,647
August	426,356	30,452	456,808
September	450,404	29,418	479,822
October	461,774	29,582	491,356
November	461,773	29,428	491,201
December	415,314	28,991	444,305
Totals	5,226,179	383,847	5,610,026

Lead

The tonnage of foreign lead that will be released by MRC during April to round out domestic requirements will be larger than that set aside for March. The tentative figure was set at a little more than 14,500 tons. Total domestic consumption of lead for April is expected to exceed 60,000 tons, according to private estimates.

Sales of lead by domestic producers during the last week amounted to 5,587 tons, against 10,802 tons in the previous week.

The United States refinery statistics for February were released on March 22 and showed domestic shipments of 51,367 tons, against 45,258 tons in January. Production of refined lead totaled 48,302 tons in February, against 49,768 tons in January. Stocks at refineries at the end of February came to 34,518 tons, against 37,590 tons a month previous.

Zinc

Some consumers obtained certificates for April metal from the Zinc Division, which was reflected in an improved demand for zinc during the last week. The volume of business is expected to increase next week as additional requests are passed upon in Washington. Actual consumption of zinc has increased since the beginning of the year, and observers believe that March deliveries should approach 70,000 tons, against a monthly average of not much more than 63,000 tons for the first two months of 1944. However, with production continuing at around 80,000 tons a month, the demand-supply situation remains easy.

Tin

The position of tin in the post-war world is being subjected to wide study by various authorities in London. The Tin Research Institute hopes to expand consumption to approximately 250,000 tons a year, a figure well above the average of normal pre-war years.

Quotations for tin were unchanged. Straits quality tin for shipment, in cents a pound, was as follows:

	March	April	May
March 16	52.000	52.000	52.000
March 17	52.000	52.000	52.000
March 18	52.000	52.000	52.000
March 20	52.000	52.000	52.000
March 21	52.000	52.000	52.000
March 22	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. all week.

Quicksilver

Demand for mercurials has been slow ever since price uncertainty developed in the metal. To stimulate demand in what now appears to be a more stable market for quicksilver, makers of salts on March 21 revised their price schedules downward.

Quotations for quicksilver continued last week at $130 to $135 per flask, New York.

Silver

Domestic consumption of silver in 1943 totaled 118,000,000 oz., according to the War Production Board. About 71,000,000 oz. was accounted for by consumption in essential applications.

The London market for silver was unchanged at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝c.

Daily Prices

The daily price of electrolytic copper (domestic and export refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Sen. George Proposes Simplifying Tax More

Senator Walter F. George of Georgia said on March 19 that the Senate Finance Committee intends to work out a further tax-simplification feature, one which would eliminate or ease the task of filing quarterly estimates on future income and taxes. This is learned from United Press advices from Washington, which also said:

"He declined to disclose the details, but said the plan was aimed at relieving the burden which falls on those whose incomes are 'almost impossible' to forecast. His proposal would particularly benefit professional and commission men whose income varies from month to month.

"Under the present law some 15,000,000 of the country's 50,000,000 taxpayers are required to file an advance estimate of their earnings and make quarterly payments on what they expect their tax will be. Such declarations must be made by persons whose tax payments are not covered by withholding taxes.

"Senator George said that many of the 15,000,000 had fairly stable incomes and therefore could file estimates once a year without facing the danger of greatly overestimating or underestimating. For these, he said, there was no great problem.

"But a large number are compelled to file revised estimates every three months because of fluctuating income. This group faced a difficult problem because it was almost impossible for them to forecast their income quarterly.

"He praised the progress made by the House Ways and Means Committee on tax simplification, saying, 'The general program commends itself, and rapid and splendid progress has been made'."

Revenue Freight Car Loadings During Week Ended March 18, 1944 Increased 4,909 Cars

Loading of revenue freight for the week ended March 18, 1944, totaled 786,442 cars, the Association of American Railroads announced on March 23. This was an increase above the corresponding week of 1943 of 18,308 cars, or 2.4%, but a decrease below the same week in 1942 of 10,212 cars or 1.3%.

Loading of revenue freight for the week of March 18 increased 4,909 cars, or 0.6% above the preceding week.

Miscellaneous freight loading totaled 377,061 cars, an increase of 4,048 cars above the preceding week, and an increase of 9,449 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 106,110 cars, an increase of 1,972 cars above the preceding week, and an increase of 7,281 cars above the corresponding week in 1943.

Coal loading amounted to 169,342 cars, a decrease of 3,134 cars below the preceding week, and a decrease of 4,270 cars below the corresponding week in 1943.

Grain and grain products loading totaled 44,958 cars, a decrease of 598 cars below the preceding week but an increase of 1,818 cars above the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of March 18 totaled 30,070 cars, a decrease of 117 cars below the preceding week but an increase of 321 cars above the corresponding week in 1943.

Livestock loading amounted to 14,587 cars, an increase of 330 cars above the preceding week, and an increase of 2,070 cars above the corresponding week in 1943. In the Western Districts alone loading of livestock for the week of March 18, totaled 10,729 cars, an increase of 572 cars above the preceding week, and an increase of 1,425 cars above the corresponding week in 1943.

Forest products loading totaled 45,551 cars, an increase of 1,614 cars above the preceding week and an increase of 5,397 cars above the corresponding week in 1943.

Ore loading amounted to 13,693 cars, an increase of 452 cars above the preceding week but a decrease of 3,619 cars below the corresponding week in 1943.

Coke loading amounted to 15,140 cars, an increase of 225 cars above the preceding week, and an increase of 182 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Pocahontas and Southwestern. All districts reported increases compared with 1942 except the Eastern, Allegheny, Southern and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
Week of March 4	788,255	748,926	770,485
Week of March 11	781,533	769,045	799,356
Week of March 18	786,442	768,134	796,654
Total	9,312,199	8,873,641	9,347,916

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 18, 1944. During the period 74 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED MARCH 18

Railroads	Total Revenue Freight Loaded 1944	1943	1942	Total Loads Received from Connections 1944	1943
Eastern District—					
Ann Arbor	244	248	570	1,536	1,408
Bangor & Aroostook	3,018	2,777	2,308	258	262
Boston & Maine	6,890	6,274	7,849	15,822	16,170
Chicago, Indianapolis & Louisville	1,480	1,349	1,630	2,342	2,176
Central Indiana	49	28	33	38	60
Central Vermont	1,060	1,093	1,256	2,894	2,292
Delaware & Hudson	5,523	6,119	6,607	14,778	12,283
Delaware, Lackawanna & Western	7,389	7,542	8,543	12,844	10,786
Detroit & Mackinac	233	216	274	129	134
Detroit, Toledo & Ironton	1,800	1,884	2,200	1,592	1,560
Detroit & Toledo Shore Line	318	341	334	3,490	3,812
Erie	13,018	12,923	14,015	18,805	19,916
Grand Trunk Western	3,945	3,468	4,359	9,711	8,787
Lehigh & Hudson River	173	172	213	3,089	4,495
Lehigh & New England	1,882	1,868	1,379	1,588	1,749
Lehigh Valley	8,688	6,699	8,936	16,251	13,513
Maine Central	2,335	2,584	3,139	4,349	4,601
Monongahela	6,209	6,625	6,493	411	394
Montour	2,524	2,512	2,307	31	20
New York Central Lines	47,087	50,578	45,802	59,261	55,425
N. Y., N. H. & Hartford	10,178	10,038	12,106	20,680	21,667
New York, Ontario & Western	1,223	1,074	1,154	3,638	2,402
New York, Chicago & St. Louis	6,532	6,365	7,172	17,396	17,872
N. Y., Susquehanna & Western	471	361	513	2,598	2,907
Pittsburgh & Lake Erie	7,991	7,798	8,442	7,959	9,096
Pere Marquette	4,711	4,629	5,149	8,734	8,145
Pittsburg & Shawmut	712	629	538	14	7
Pittsburg, Shawmut & North	295	328	420	229	273
Pittsburgh & West Virginia	970	840	805	2,649	3,444
Rutland	358	351	518	1,117	949
Wabash	5,857	5,032	5,832	12,738	12,954
Wheeling & Lake Erie	4,771	4,975	4,918	4,584	6,779
Total	157,934	157,720	165,814	251,555	246,338
Allegheny District—					
Akron, Canton & Youngstown	715	840	706	1,340	1,335
Baltimore & Ohio	41,752	40,065	41,494	29,331	30,192
Bessemer & Lake Erie	2,878	3,167	3,388	1,384	1,508
Buffalo Creek & Gauley	*314	325	314	*3	4
Cambria & Indiana	1,753	1,971	1,900	12	29
Central R. R. of New Jersey	6,725	6,846	8,411	21,781	21,113
Cornwall	479	636	103	67	96
Cumberland & Pennsylvania	191	290	303	13	8
Ligonier Valley	123	133	135	62	84
Long Island	1,280	843	793	4,162	5,075
Penn-Reading Seashore Lines	1,602	1,681	1,857	2,603	2,879
Pennsylvania System	78,443	76,935	81,320	65,127	64,599
Reading Co.	14,830	14,504	16,166	30,526	31,148
Union (Pittsburgh)	20,144	20,601	20,752	4,002	4,609
Western Maryland	4,377	3,996	4,138	13,169	15,305
Total	175,606	172,833	181,780	173,582	177,984
Pocahontas District—					
Chesapeake & Ohio	28,355	28,757	27,017	12,434	13,447
Norfolk & Western	21,596	22,921	22,548	7,544	7,179
Virginian	4,599	4,804	4,456	2,442	2,762
Total	54,550	56,482	54,021	22,420	23,388
Southern District—					
Alabama, Tennessee & Northern	374	265	351	359	333
Atl. & W. P.—W. R. R. of Ala	834	781	1,056	2,462	2,503
Atlanta, Birmingham & Coast	778	611	797	1,619	1,819
Atlantic Coast Line	14,513	15,592	13,945	11,659	11,764
Central of Georgia	4,132	4,140	4,581	5,479	5,365
Charleston & Western Carolina	398	423	426	2,036	1,879
Clinchfield	1,571	1,725	1,638	3,357	3,387
Columbus & Greenville	263	324	301	254	175
Durham & Southern	130	121	197	1,005	533
Florida East Coast	3,996	3,227	2,818	2,089	1,590
Gainesville Midland	62	45	43	150	156
Georgia	1,296	1,148	1,380	2,778	3,005
Georgia & Florida	545	377	373	842	810
Gulf, Mobile & Ohio	4,207	3,500	4,169	4,632	5,773
Illinois Central System	27,897	25,643	27,765	18,690	18,692
Louisville & Nashville	24,246	25,136	23,967	12,614	11,209
Macon, Dublin & Savannah	212	188	204	1,073	1,017
Mississippi Central	268	201	264	702	410
Nashville, Chattanooga & St. L.	3,449	3,180	3,728	4,965	5,301
Norfolk Southern	996	1,241	1,349	1,800	1,729
Piedmont Northern	411	343	495	1,465	1,403
Richmond, Fred. & Potomac	430	430	501	11,834	11,549
Seaboard Air Line	11,111	10,883	11,358	9,444	9,355
Southern System	24,041	22,690	24,860	24,999	24,570
Tennessee Central	751	560	663	989	862
Winston-Salem Southbound	140	121	132	1,015	907
Total	127,051	122,895	127,361	128,311	126,106
Northwestern District—					
Chicago & North Western	14,921	13,275	16,693	14,591	13,029
Chicago Great Western	2,816	2,187	2,581	3,082	3,121
Chicago, Milw., St. P. & Pac.	20,014	18,266	20,085	10,863	10,401
Chicago, St. Paul, Minn. & Omaha	3,334	2,836	3,393	4,037	3,495
Duluth, Missabe & Iron Range	1,106	1,013	1,213	217	236
Duluth, South Shore & Atlantic	751	451	694	563	442
Elgin, Joliet & Eastern	8,645	9,057	9,900	12,761	11,723
Ft. Dodge, Des Moines & South	385	399	511	105	100
Great Northern	12,623	8,731	11,402	5,205	4,897
Green Bay & Western	464	466	533	952	814
Lake Superior & Ishpeming	281	181	943	62	38
Minneapolis & St. Louis	1,778	1,837	1,794	2,223	1,934
Minn., St. Paul & S. S. M.	5,236	3,557	5,188	3,736	2,903
Northern Pacific	9,641	8,177	10,235	5,547	4,469
Spokane International	107	91	116	535	539
Spokane, Portland & Seattle	2,466	1,852	2,778	2,874	3,394
Total	84,568	72,376	88,059	67,353	61,535
Central Western District—					
Atch., Top. & Santa Fe System	21,083	22,452	21,857	12,669	13,058
Alton	2,964	2,833	3,415	4,399	4,061
Bingham & Garfield	557	515	582	91	122
Chicago, Burlington & Quincy	18,136	18,536	15,301	12,427	11,937
Chicago & Illinois Midland	3,057	3,302	3,022	994	781
Chicago, Rock Island & Pacific	10,989	11,427	11,137	13,490	13,682
Chicago & Eastern Illinois	2,554	2,435	2,635	6,520	4,753
Colorado & Southern	746	696	799	2,052	1,993
Denver & Rio Grande Western	3,235	3,127	2,864	5,980	5,789
Denver & Salt Lake	740	681	477	13	13
Fort Worth & Denver City	698	1,115	981	1,630	1,823
Illinois Terminal	2,063	1,866	2,175	2,181	1,767
Missouri-Illinois	1,037	945	1,331	611	499
Nevada Northern	1,762	2,112	1,965	139	121
North Western Pacific	766	976	1,021	767	679
Peoria & Pekin Union	15	30	13	0	0
Southern Pacific (Pacific)	29,783	26,582	27,856	14,166	12,821
Toledo, Peoria & Western	402	213	186	1,906	1,985
Union Pacific System	14,703	13,716	15,410	16,177	13,925
Utah	617	612	466	6	8
Western Pacific	1,853	1,966	1,729	4,009	2,944
Total	117,760	116,137	115,222	100,227	92,761
Southwestern District—					
Burlington-Rock Island	553	799	689	317	197
Gulf Coast Lines	6,067	5,520	5,141	2,450	2,282
International-Great Northern	1,778	2,216	2,369	4,347	3,483
Kansas, Oklahoma & Gulf	255	321	329	1,089	1,120
Kansas City Southern	5,850	4,608	4,013	2,717	3,154
Louisiana & Arkansas	3,028	3,181	2,862	2,635	2,458
Litchfield & Madison	317	336	364	1,030	1,078
Midland Valley	654	699	547	473	270
Missouri & Arkansas	194	117	210	482	440
Missouri-Kansas-Texas Lines	5,601	6,184	5,252	4,893	6,810
Missouri Pacific	15,361	16,574	15,935	20,807	17,191
Quanah Acme & Pacific	121	83	165	265	261
St. Louis-San Francisco	8,043	8,512	8,330	9,823	8,644
St. Louis Southwestern	3,023	2,917	3,325	6,867	5,640
Texas & New Orleans	12,283	13,480	10,181	5,790	6,434
Texas & Pacific	5,728	4,002	4,531	7,833	7,193
Weatherford M. W. & N. W.	89	113	137	31	34
Wichita Falls & Southern	28	29	17	47	28
Total	68,973	69,691	64,397	71,896	66,717

*Previous week's figures.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
Dec. 4	177,664	149,803	602,789	95	93
Dec. 11	146,662	148,826	600,323	96	93
Dec. 18	139,654	148,431	589,659	96	93
Dec. 25	119,487	136,120	569,689	87	93
1944—					
Jan. 1	121,212	92,328	589,815	63	93
Jan. 8	160,567	138,381	612,043	86	86
Jan. 15	153,097	146,596	614,215	93	90
Jan. 22	131,940	140,457	602,930	93	91
Jan. 29	145,735	147,423	597,011	95	92
Feb. 5	185,069	151,102	628,048	97	93
Feb. 12	154,797	151,870	630,449	97	94
Feb. 19	130,252	148,533	609,429	96	94
Feb. 26	151,980	139,044	621,875	93	94
March 4	178,375	146,926	650,606	95	94
March 11	152,627	144,761	655,682	95	94
March 18	136,105	150,940	639,537	95	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Tobacco Distributors Urge Price Floor

The National Association of Tobacco Distributors at its Eastern War Conference at the Waldorf-Astoria in New York City on March 2, adopted a resolution urging a revision of the Price Control Act which would place a floor under prices as well as a ceiling over them, in order to prevent a sharp post-war slump, as happened after World War I. The New York "Herald Tribune" of March 3, in reporting this, added:

The resolution declared that there is considerable fear that when the war ends, prices might react as they did before, and asserted that such a floor could act to prevent injurious deflation in the same manner that ceilings are designed to prevent drastic inflation.

The Association also sent a letter to Claude R. Wickard, Secretary of Agriculture, protesting against continuance of any restrictions on the planting of flue-cured and burley tobaccos. It pointed out that the Department of Agriculture figures showed that on Jan. 1 there were approximately 375,000,000 pounds fewer of flue-cured and burley tobacco on hand than a year earlier.

Inasmuch as these tobaccos are used for cigarettes, it said, the feeling in the industry is that unless their production by the farmers is increased substantially, an acute shortage of cigarettes "will be inevitable."

A survey made by the Association to determine the effects of the war economy on the wholesale tobacco trade, released yesterday, revealed that "with hardly any exception distributors expect to be able to obtain less merchandise than in 1943."

The following percentages of those replying look for "less favorable" supplies on the different types of merchandise handled by the group: Cigarettes, 82.5%; tobacco, 33.7%; cigars, 88.1%; candy, 38.8%; chewing gum, 40.9%; pipes, 53%; matches, 41.4%; playing cards, 61.5%; fountain supplies, 34.2%, and sundries, 50%.

Joseph Kolodny, Executive Secretary of the Association, revealed at the dinner of the group last night, that the organization is setting up a sales research division to provide distributors with a formula whereby they may chart their post-war course, as well as develop sales promotion programs.

Lumber Movement—Week Ended March 18, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 529 mills reporting to the National Lumber Trade Barometer were 11.5% above production for the week ended March 18, 1944. In the same week new orders of these mills were 16.4% greater than production. Unfilled order files of the reporting mills amounted to 124% of stocks. For reporting softwood mills, unfilled orders are equivalent to 40 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 8.4%; orders by 15.3%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 33.3% greater; shipments were 35.9% greater, and orders were 39.1% greater.

George Whitney Made Vice-Chairman Of United China Relief Agency

George Whitney, President of J. P. Morgan & Co., Inc., has been elected Vice-Chairman of United China Relief.

Items About Banks, Trust Companies

The New York Cotton Exchange will be closed on Good Friday and Saturday, April 7 and 8, according to an announcement on March 25 by Eric Alliot, President of the Exchange.

William J. Fisher, General Commercial Representative of the New York Telephone Co., has been elected a member of the Advisory Board of the Brooklyn Office of the Chemical Bank & Trust Company of New York. Mr. Fisher is past President of the Brooklyn Rotary Club and has been active in civic affairs in Brooklyn for many years. At various times during the past 15 years he has served as Chairman for the campaigns to raise funds in Brooklyn for such worthy causes as the Boy Scouts of America, United Hospital Fund, Family Welfare Fund and the American Red Cross.

Grace National Bank of New York has called a special meeting of its stockholders for April 25, to consider increasing its capital stock from $1,500,000 to $2,000,000, it is announced by Chester R. Dewey, President of the bank. If approved by the stockholders 5,000 additional shares will be offered to the stockholders at $150 per share in the ratio of one new share for each three shares presently held, it was further announced. In a letter to the stockholders announcing the proposal, Mr. Dewey stated that after giving effect to the proposed increase, the bank's capital funds would be approximately $5,080,000 and said, "this increase of capital funds, consistent with the increased business which the bank has enjoyed in recent years, will enable us to take advantage of the larger volume of business which is presently available."

Mr. Harold Kingsmill, President of Cerro de Pasco Copper Corp., and a Director of Homestake Mining Co. and the American Metal Co., Ltd., was elected a Director of Grace National Bank of New York, on March 24.

P. C. Robertson, Vice-President of the Title Guarantee & Trust Co. of New York, announces that at a meeting of the Trustees of the company on March 21, Albert B. Ashforth, Jr., was elected a Trustee. Mr. Ashforth is Senior Vice-President of Albert B. Ashforth, Inc., and is presently a Lieutenant in the United States Naval Reserve, having been commissioned in August of 1942.

It is also announced that at the same meeting the following personnel changes were made:

Douglas McKee, Assistant Vice-President in the Jamaica office, was elected a Vice-President of the company; Frederick J. Kaiser was appointed Assistant Manager of the Jamaica office; Glenn N. Curnow was appointed Counsel in the White Plains office.

The election of G. Hilmer Lundbeck, Jr., Managing Director in the United States, of the Swedish American Line, as a Trustee of the Excelsior Savings Bank of New York, was announced March 22, by Reginald Roome, President of the bank. Mr. Lundbeck is a Director of the Utility Equities Corp., the First York Corp., and Southeastern Shipbuilding Corp.

Robert M. Catherine, President of the Dollar Savings Bank of New York, announced on March 22, that Cloyd Laporte, a member of the law firm of Root, Clark, Buckner & Ballantine, has been elected a Trustee of the bank.

Eugene McCabe, Assistant Secretary of the Banking Department of the Guaranty Trust Co. of New York, died on March 28 at the Beekman Street Hospital following a short illness. Mr. McCabe had been associated with the Guaranty Trust Co. for the last 27 years and was a member of the company's Quarter Century Club. He was born in New York City in 1891 and attended public schools here. He was for many years active in political circles in his home district in Manhattan and was Treasurer of the Amsterdam Democratic Club.

Benjamin Ogden Chisolm, philanthropist and retired banker, died on March 20 at the age of 78. Mr. Chisolm, a former U. S. Representative on the International Prison Commission, retired several years ago as Secretary and a trustee of the Greenwich Savings Bank of New York, in which capacities he had served since 1891.

Hornblower & Weeks announce an offering of 250 shares of stock of the Citizens and Manufacturers National Bank of Waterbury, Conn. The price at which the stock is offered is $165 per share; the stock carries $1.50 dividend payable April 1 to stock of record March 27, 1944, to yield about 3.63%.

The capital stock of the bank has a par value of $100 per share. Dividends are payable quarterly Jan. 2, April 1, July 1, Oct. 1. The bank's statement as of Dec. 31, 1943, showed capital, $600,000; surplus, $600,000; undivided profits of $301,002; and deposits of $23,764,000.

Directors of the Republic National Bank of Dallas, Texas, at a special session on March 23 unanimously approved a plan for increasing the capital and surplus from $10,000,000 to $12,500,000. The proposal will be submitted for action to a called meeting of stockholders on April 3.

Information contained in the Dallas "News" with regard thereto said:

"Issuance of 62,500 additional shares of common stock and offered ratably to present stockholders at $30 a share, will provide $1,875,000, Fred F. Florence, President, announced after the directors' meeting. Of this total $1,250,000 will be allocated to the new capital stock, bringing the current total from $5,000,000 to $6,250,000. The surplus also will be increased to $6,250,000 by assigning $625,000 from the new funds and the transfer of another $625,000 from the undivided profits account."

The same paper quotes Mr. Florence as saying:

"The directors and officers of Republic National feel that this plan to increase the capital structure is appropriate in view of the large increase in its deposits and the volume of its business. * * *

"We feel sure the action contemplated will receive the commendation of our depositors throughout the country and of the public generally. The proposed capital and surplus of $12,500,000 will better enable us to handle the growing volume of business that is steadily being developed throughout the Southwest. It will provide the bank with a capital structure that will contribute even more substantially toward the maintenance of Dallas as the financial center of the Southwest."

The oldest bank in California, Wells Fargo Bank & Union Trust Co. of San Francisco, this month enters its 93rd year. On March 18, 1852, Henry Wells and William G. Fargo established the banking and express company bearing their names. R. W. Washburn and Samuel P. Carter were dispatched to San Francisco and opened the first office on Montgomery St., between California and Sacramento, in July.

The announcement from the bank further says:

"Wells Fargo & Co soon opened offices in the booming mining camps in the Sierra foothills, and by 1865 was operating throughout the Pacific Coast region. As Samuel Bowles, a writer of that day put it, in his book, 'Across the Continent': 'It is the Ready Companion of Civilization, the Universal Friend and Agent of the miner, his errand man, his banker, his post office.'

"Two other old established financial institutions are incorporated in the present bank. The Nevada Bank, organized in 1875 by the Bonanza Kings and managed by the late Isaias W. Hellman as President, merged with Wells Fargo & Co.'s Bank in 1905; and the Union Trust Company, organized by Mr. Hellman in 1893, consolidated with Wells Fargo Nevada National Bank in 1923, forming the present Wells Fargo Bank & Union Trust Co. I. W. Hellman, grandson of Isaias W. Hellman, became the 15th President of the bank in October, 1943."

Malcolm S. Prosser, in charge of the municipal bond portfolio of the Bank of America National Trust & Savings Assn. of San Francisco, has been advanced from Assistant Vice-President to Vice-President in the bond investment department. Reporting this the San Francisco "Chronicle" added:

"George O. Bordwell, Assistant Vice-President in the headquarters operating department, is now Vice-President. Robert R. Lockhart, live stock loan department, has been advanced to Vice-President. Emil A. Bonzani, Manager of the Columbus branch of the bank, has been advanced to Vice-President and Manager."

Sen. Shipstead Urged To Defeat Maybank Bill By Gandrud Of Minnesota Bank

Measure Would Permit Member Banks To Absorb Exchange Charges

Defeat of the Maybank bill to permit Federal Reserve member banks to absorb exchange charges is urged by Oluf Gandrud, President of the Swift County Bank of Benson, Minn., in a letter addressed to Senator Shipstead under date of March 22. Mr. Grandrud has also indicated his views in a letter to State banks, dated March 25, in which he says:

"For a number of years I have been interested as the head of a State bank in the preservation of the dual banking system and the value of independently operated banks in the rural communities. Our bank is not a member of the Federal Reserve System and is not on the par list.

"I am very much concerned about the controversy now so prominent in connection with Regulation Q. I am disturbed because of the apparent misunderstanding on the part of country bankers as to the ultimate effect that the defeat of the Maybank Bill (S. 1642) will have upon the small banks. I am enclosing a copy of a letter I wrote to Senator Henrik Shipstead explaining my position, and because of my sincere interest in my own bank, I am sending you the enclosure which I hope will stimulate interest on your part to oppose the legislation for the benefit of your own bank as well as mine."

Reference to the bill, and the companion House measure, the Brown Bill, appeared in our issue of March 2, page 921, in which it was noted that the proposed legislation was opposed by the Governors of the Federal Reserve system. The bill seeks to prevent the Reserve System from enforcing Regulation 2, the purpose of which is to prevent check absorption of exchange charges by member banks. Mr. Gandrud, in his letter to Senator Shipstead, stated that "if we face this issue squarely it would be to the interest of all banks if exchange were entirely abolished and bank checks could be accepted for face value, then bank checks would become a true medium of exchange, just the same as currency. I am convinced that much bad relations towards banks is a result of this charging exchange." We give herewith Mr. Gandrud's letter to Senator Shipstead:

March 22, 1944

Hon. Henrik Shipstead,
United States Senate,
Washington, D. C.

My dear Friend:

Since talking to you, quite a controversy has developed as to the merits of the Maybank Bill, known as S. 1642. I received a circular letter this morning from the Federal Deposit Insurance Corporation strongly endorsing the legislation. I would like again to bring to your attention some of the features of the bill that I discussed with you during our visit in Minneapolis, and prevail upon you to give serious consideration to the issues involved in this bill and hope that you will use your best effort to defeat this bill in the Senate.

You will remember that when Congress was considering the bill to create the Federal Deposit Insurance Corporation, there was considerable opposition on the part of larger banks—which would pay a large share of the insurance premium or fee—on the ground that they would not benefit by this legislation because their deposits were, by the nature of their business, kept in very liquid position. You and I may have our own ideas as to the merits of this statement, but I think we are agreed that the insurance of bank deposits was a direct and material benefit to small rural banks. To compensate for this additional expense, the larger banks were assured. by provision in the law that they would save the payment of interest on daily balances which before that time had been the custom throughout the country.

All banks in Minnesota have lived up to-the-letter of the law and no banks, as far as I know, have absorbed the exchange in our State, and the banks in Minnesota will lose nothing by the enforcement of Regulation Q of the Federal Reserve Board. The rural state banks may continue to charge exchange on cash letters as they have in the past. It does not look fair to me that some of the banks in other States should chisel on this arrangement by absorbing the exchange, which is nothing more than a subterfuge to pay interest on daily balances. To pass a law to legalize such subterfuge should be below the dignity of Congress.

This law would also be inconsistent in its application because it would permit correspondent banks to pay what amounts to interest on daily balances to state banks which charge exchange, by absorbing the exchange, whereas the small rural national banks would not be accorded the same right and privilege because they are not permitted to charge exchange. To pass a bill which will permit a very small minority of banks to take advantage of the vast majority, certainly appears inconsistent to me.

If in the opinion of Congress, a rural bank should be entitled to interest on their daily balances, in addition to the cooperation of the larger banks in maintaining the Federal Deposit Insurance Corporation by paying insurance fees or premium, then an amendment to the present Banking Act should be passed that will make it legal for correspondent banks to pay interest on daily balances to all banks. That would be honest, straight, and above board business. If this bill is passed, I think it will have far reaching consequences. Because of the discrimination between state and national banks that this bill would provide, it is quite logical to believe that the final result would be that the banks, who are now enjoying the exchange on cash letters, would lose the privilege of charging exchange—because if it would come to a shown down, public opinion would never tolerate the charging of exchange on bank checks throughout the nation.

I think this legislation is a political issue and is prompted by certain individuals for political expediency. Having been a stockholder of a bank yourself, you are sufficiently informed to know that if we face this issue squarely, it would be to the best interest of all banks if exchange were entirely abolished and bank checks could be accepted for face value, then bank checks would become a true medium of exchange, just the same as currency. I am convinced that much bad public relations towards banks is a result of this practice of charging exchange.

I think we are also agreed that to transfer funds and pay a customer's check at a distant point is a real service to the maker of the check, and he should and will be willing to pay for that service if he were asked to do so. This service of transferring funds for a customer of a bank should be paid for by a service charge, which, in my opinion, would be the easiest service charge to sell to your customer because other agencies perform that service—like the post office through the post office money order or the express company through the express money order — making a charge far in excess of what would be necessary to make it a profitable business to the banks. For the banks to charge for this service would not be unreasonable because the customer still could exercise the privilege of going to the post office to buy his money order and pay a higher rate (especially now after the increased rates), or he may choose to use the much more convenient method of writing his own personal check and pay a smaller service charge on that check when it is charged against his account. Some States have already made it illegal for banks to charge exchange on bank checks. The State of Iowa did so a year ago.

This attack upon the Federal Reserve System I think is unjustifiable and whatever the ultimate object of this may be, I think it should be opposed. The Federal Reserve System is a democratic institution and if properly administered, is certainly a basis of a sound financial banking system. I think what we as small country banks should be most interested in is to exert our rights to see that the Federal Reserve System is operated in the interest of both small and large banks, and I think that the trend is definitely towards giving more consideration to the rural banks. I know that is true in the American Bankers Association.

Thanking you for your vigorous effort in opposing the continuance of paying subsidies and trusting that in your good judgment, you will use your best effort to defeat this Maybank Bill in the Senate, I am

Respectfully yours,
Oluf Gandrud, President.

An item reporting opposition by the New York Bankers Association to the proposed legislation was given in our March 16 issue, page 1122.